OFFICE OF PUBLIC INSTRUCTION
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Linda McCulloch
Superintendent

June 1, 2002

TO: Authorized Representatives of Federal Programs
District Clerks/Business Managers
County Superintendents
Auditors of School Districts and Special Education Cooperatives

RE: Montana Federal and State Grants Handbook – Revised June 2002

The enclosed handbook presents the state policies for federal and state grants administered by the Office of Public Instruction (OPI). This publication replaces and supercedes the earlier versions published in 1998 and 2000.

The following policies have been changed or clarified:

1) Programs Removed These programs are no longer administered by OPI and were removed from the handbook: School to Work and Tobacco Education

2) Programs Added These programs are now administered by OPI and were added to the handbook: Character Education, Reading Excellence, School Renovation, 21st Century Community Learning Centers and Advanced Placement

3) ESEA Reauthorization Changes The No Child Left Behind Act of 2001 reauthorized the Elementary and Secondary Education Act of 1965 and combined and restructured the Titles of the Act. The chart immediately following this memo compares the previous Titles and their names with those authorized under NCLB. Section 100 includes program descriptions of all grants administered by the OPI.

4) Transferability Title VI of the No Child Left Behind Act addresses flexibility of federal grant funds distributed to districts. Part A allows schools not identified as schools in need of improvement or under corrective action to transfer the use of up to 50% of the funds received under Title II, Part A (Teacher and Principal Training and Recruiting), Title II, Part D (Educational Technology), Title V, Part A (Innovative Programs) and Title IV, Part A (Safe and Drug Free Schools) to activities under any of those four programs or to Title I, Part A (Improving Basic Programs) activities. Those schools identified as schools in need of improvement may transfer up to 30% of its Title II, Parts A and D, Title IV, Part A and Title V, Part A to supplement its school improvement allocation or carry out Title I improvement activities. Schools in corrective action are not allowed to transfer funds under Part A. Schools planning to transfer funds must notify

OPI at least 30 days prior to the transfer and funds can only be transferred within an administrative unit. The entity must participate in the program in order to transfer funds into that program. The funds must be kept separate fiscally, but programmatically they should be combined. In other words, funds must be budgeted, requested and reported in the original title, but the programmatic uses should be reported in the program reports for the receiving title.

Part B, Subpart 1 of Title VI provides additional funds directly from the federal government to schools identified as Small Rural Schools and gives them increased flexibility in the use of their federal funds. Schools eligible for SRS funds may consolidate up to 100% of their Title II, Parts A & D, Title IV, Part A and Title V, Part A into these four Titles or Title I, Part A, Title III or Part IV, Part B. Funds transferred for use under another title must be reported fiscally to OPI under the title from which they were transferred and reported programmatically under the title to which they were transferred. Guidance on federal reporting has not yet been received for the additional SRS funds.

Part B, Subpart 2 of Title VI provides additional funds through OPI to schools identified as Rural Low Income schools. These funds may be used for: teacher recruitment and retention, teacher professional development, educational technology, parental involvement activities, Title I, Part A activities, Title III Language Instruction activities or Title IV, Part A, Safe and Drug Free Schools activities. RLI funds have a distinct project number and should be tracked fiscally by that number, but should be tracked programmatically under the title in which the funds were used.

5) Cash management Federal regulations limit the amount of cash on hand. The OPI has set the guideline as that amount that the recipient can reasonably expect to expend within 30 days of receiving payment. A monthly review of cash on hand, anticipated expenditures and the current Cash Advance Request should be the basis for amended cash requests that minimize cash on hand while maximizing the use of federal funds to cover appropriate expenditures. OPI accounting staff may request an explanation from grant recipients who request a large cash advance in any one month.

6) Time and Effort Records Employee time charged to grants must be actual time spent on grant activities and documented by time and effort records with reasonable credible evidence to support the charges. (Page 400-4)

7) CFDA Numbers (Appendix F) This appendix was not included in the handbook at this time. When the handbook went to press, CFDA numbers were not available for all programs and it was decided to wait until all programs had been assigned a CFDA number before distributing the appendix.

State and Federal Grants
Administered by the Montana Office of Public Instruction

Program Name Prior to July 1, 2002	Program Name On July 1, 2002
Adult Basic Education (ABE)	Adult Basic and Literacy Education (ABLE)
Career & Technical Ed (State)	Career & Technical Ed (State Vo-Ed)
Carl Perkins (Federal Vo-Ed)	Same
Comprehensive School Reform Demonstration	Title I, Part F, Comprehensive School Reform
Education of Homeless Children & Youth	Title X, Part C, Education of Homeless Children & Youth
Title I, Part A, Improving Basic Programs	Same
Title I, Part A, Accountability	Same
N/A	Title I, Part A, Improvement Grants
Title I, Part B, Even Start Family Literacy	Title I, Part B, Subpart 3, Even Start
N/A	Title I, Part B, Subpart 1, Reading First (New)
Title I, Part C, Migrant Education	Same
Title I, Part C, Migrant Incentive	Same
Title I, Part D, Neglected, Delinquent & At-Risk Youth	Same
Advanced Placement	Title I, Part G, Advanced Placement
Title II Eisenhower Professional Development Program	Incorporated into Title II, Part A, Teacher and Principal Training and Recruiting Fund
N/A	Title II, Part A, Teacher & Principal Training & Recruiting Fund (New)
Title III, Tech, Literacy Challenge Fund	Title II, Part D, Educational Technology
Title VII, Part A, Bilingual Education	Title III, Part A, English Language Acquisition and Language Enhancement
Title VII, Part C, Emergency Immigration	Incorporated into Title III, Part A, English Language Acquisition and Language Enhancement
Title IV, Safe & Drug-Free Schools	Title IV, Part A, Safe & Drug-Free Schools & Communities
21st Century	Title IV, Part B, 21st Century Community Learning Centers
Title VI, Innovative Ed Programs	Title V, Part A, Innovative Programs
Title VI, Reduced Class Size	Incorporated into Title II, Part A, Teacher and Principal Training and Recruiting Fund
Character Education	Title V, Part D, Subpart 3, Character Education
N/A	Title VI, Part A, Subpart 2, Transferability (New)
Rural Education Achievement Program (REAP)	Title VI, Part B, Subpart 1, Small Rural Schools (SRS) (New) Title VI, Part B, Subpart 2, Rural Low-Income Schools (RLI) (New)
Federal Impact Aid	Title VII, Impact Aid
GEAR UP	Same
Gifted and Talented	Same
IDEA, Part B, Children with Disabilities	Same
IDEA Preschool	Same
IDEA State Program Improvement	Same
In-State Day Treatment Funds	Services for Significant Needs Students
Learn & Serve	Same
Reading Excellence	Same
School Renovation, IDEA, Technology	Same
School to Work	Eliminated
State Vocational Education Funds	State Career and Vocational/Technical Education Funds
TANF	Same
Tobacco Use Prevention and Education	Eliminated

MONTANA
Office of Public Instruction

State and Federal Grants Handbook

Linda McCulloch, Superintendent

Montana Office of Public Instruction
PO Box 202501
Helena, Montana 59620-2501
www.opi.state.mt.us

June 2002

This handbook is also available at
http://www.opi.state.mt.us/federalprograms/handbook.html

— Montana Office of Public Instruction

Linda McCulloch
State Superintendent

June 2002

Dear Colleague:

Financial assistance to school districts and other recipients through federal and state grants administered by the Montana Office of Public Instruction (OPI) helps provide enhanced educational opportunities for our children, professional development for our teachers and administrators, services for our special needs children and a safe environment for both students and staff. In the 2001-2002 school year, over $80 million was distributed by OPI to Montana recipients and early numbers predict that nearly $100 million will be distributed in the 2002-2003 school year.

This second revision of the *State and Federal Grants Handbook* provides guidance to school districts, cooperatives, consortia and other recipients of state and federal grants administered by the OPI. It incorporates the provisions of the No Child Left Behind Act of 2001, which reauthorized the Elementary and Secondary Education Act of 1965.

As a sub-grantor of funds, OPI is responsible for ensuring that recipients administer the funds in accordance with general and specific program statutes and regulations. This Handbook explains many of these important requirements in an effort to assure sub-grantee compliance, and, thereby, ensure continuing state and federal support for your school district or organization and the children of Montana. The OPI strives to make the process of applying for, accounting for and reporting on grants as uniform and simple as possible, while complying with the requirements of the various laws and regulations.

One copy of this handbook is being distributed to each County Superintendent, and to each authorized representative and Clerk/business official of Montana's school districts and cooperatives. Additional copies of the handbook may be obtained from the Office of Public Instruction while supplies last. The handbook is also available on the OPI web page at http://www.opi.state.mt.us.

We hope this State and Federal Grants Handbook is a useful reference for dealing with the grants administered by OPI. Thank you for the work you do to provide a quality education for the children of Montana.

Sincerely,

Linda McCulloch
Superintendent of Public Instruction

· 1227 11th Avenue · PO Box 202501 · Helena, Montana 59620-2501 ·
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Table of Contents
State and Federal Grants Handbook

Page

INTRODUCTION—From the State Superintendent

100 **OVERVIEW AND PROGRAM DESCRIPTIONS** **100-1**
OPI Resources 100-1
Calendar 100-3
Overview of State and Federal Grant Programs 100-10
Project Numbers for OPI Programs 100-19

200 **GENERAL ADMINISTRATIVE REQUIREMENTS FOR FEDERAL GRANTS** **200-1**
General Requirements 200-1
Application Process 200-2
Complaints and Hearings Processes 200-3
Common Assurances 200-6
Maintenance of Effort (MOE) 200-7
Matching Requirements 200-10
ESEA Title I, Part A Comparability 200-11
Carryover Funds 200-12
Nonpublic School Participation 200-14

300 **PROGRAM COSTS** **300-1**
Allowable and Unallowable Costs (OMB Circular A-87) 300-1
Indirect Cost (IDC) Recoveries 300-2
Procurement 300-5

400 **ACCOUNTING AND REPORTING PROCEDURES** **400-1**
Fiscal Control and Accounting Requirements 400-1
Fiscal Year Period 400-2
Budgets and Modifications 400-2
Project Extensions 400-3
Obligations and Expenditures 400-4
Time and Effort Records 400-4
Cash Advance Requests 400-6
School Districts Limited in Spending Cash Balances 400-8
Program Income and Interest on Federal Funds 400-9
Records Retention 400-10
Fiscal Closeout and Final Program Reports 400-11
Unspent Grant Funds and Refunds 400-12

500 **PROPERTY MANAGEMENT** **500-1**
Equipment and Supplies 500-1

600 **AUDIT REQUIREMENTS AND OFFICE OF PUBLIC INSTRUCTION MONITORING** **600-1**
Office of Public Instruction Monitoring Procedures 600-4

700 **SPECIALIZED DUTIES OF RECIPIENTS** **700-1**
Cooperatives and Consortia 700-1
Duties of the Authorized Representative (AR) 700-4

APPENDICES
A Glossary A-1
B Examples of Forms B-1
1. Indirect Cost Rate Application
2. ESEA Federal Programs Checklists (2001-02 and 2002-03)
3. Common Assurances for Federal Categorical Aid Programs
4. ESEA Title I Comparability Report/Instructions
5. Federal/State Grant Control Record
6. Annual Budget and Program Modification Request
7. Fiscal Closeout Report
8. Opportunity to Participate in Federally Funded Programs by Nonpublic Schools
9. Project Budget
10. Time and Effort Form
11. Title VI—Flexibility and Accountability
12. 2002-2003 Title VI, Part A, Subpart 2, Transferability of Funds

C Maintenance of Effort for ESEA Title I and Related Programs C-1
D Maintenance of Effort for IDEA Programs D-1
E Resources E-1
F List of CFDA Numbers F-1

100 Overview and Program Descriptions

OPI Resources

The Office of Public Instruction's Homepage: http://www.opi.state.mt.us
Office of Public Instruction General Information ..... (406) 444-3095
Toll Free Number 1-888-231-9393
TTY 1300 11th Ave. ..... (406) 444-0234
TTY 1227 11th Ave. ..... (406) 444-0169
PO Box 202501, Helena, MT 59620-2501

State Superintendent Linda McCulloch ..... (406) 444-7362
Deputy State Superintendent Bill Cooper ..... (406) 444-5643
Each OPI staff person can be reached via the Internet using the following address convention: first initial plus last name, followed by @state.mt.us. For example, lmcculloch@state.mt.us.

PROGRAM	ACCOUNTING CONTACT	PROGRAM CONTACT
Adult Basic and Literacy Education (ABLE)	Jurenne Fuchs 444-2560	Becky Bird 444-4443
Audit Resolution		Jim Oberembt 444-1257
Career & Technical Ed (State Vo-Ed)	Jurenne Fuchs 444-2560	Jody Messinger 444-9019
Carl Perkins (Federal Vo-Ed)	Jurenne Fuchs 444-2560	Jody Messinger 444-9019
ESEA Title I, Part A, Improving Basic Programs	Pat Dawes 444-3408	BJ Granbery 444-4420
ESEA Title I, Part A, Accountability	Pat Dawes 444-3408	Marsha Davis 444-0793
ESEA Title I, Part A, Improvement Grants	Pat Dawes 444-3408	Marsha Davis 444-0793
ESEA Title I, Part B, Subpart 1, Reading First	Pat Dawes 444-3408	Debbie Hunsaker 444-0733
ESEA Title I, Part B, Subpart 3, Even Start	Pat Dawes 444-3408	Joan Morris 444-3083
ESEA Title I, Part C, Migrant Education	Pat Dawes 444-3408	Angela Branz-Spall 444-2423
ESEA Title I, Part C, Migrant Incentive Grant	Pat Dawes 444-3408	Angela Branz-Spall 444-2423
ESEA Title I, Part D, Neglected, Delinquent, And At-Risk Youth	Pat Dawes 444-3408	Terry Teichrow 444-2036
ESEA Title I, Part F, Comprehensive School Reform	Pat Dawes 444-3408	Ron Lukenbill 444-2080
ESEA Title I, Part G, Advanced Placement	Jurenne Fuchs 444-2560	Kathleen Mollohan 444-4317
ESEA Title II, Part A, Teacher and Principal Training and Recruiting	Jurenne Fuchs 444-2560	Patricia Johnson 444-2736
ESEA Title II, Part D, Educational Technology	Madilon Beatty 444-4403	Michael Hall 444-4422
ESEA Title III, Part A, English Language Acquisition and Language Enhancement	Pat Dawes 444-3408	Lynn Hinch 444-3482
ESEA Title IV, Part A, Safe and Drug-Free Schools and Communities	Madilon Beatty 444-4403	Judy Birch 444-5663
ESEA Title IV, Part B, 21st Century Community Learning Centers	Madilon Beatty 444-4403	Cathy Kendall 444-0829
ESEA Title V, Part A, Innovative Programs	Jurenne Fuchs 444-2560	Patricia Johnson 444-2736
ESEA Title V, Part D, Subpart 3, Character Education	Madilon Beatty 444-4403	Peggy Azure 444-0466
ESEA Title VI, Part A, Subpart 2, Transferability	Madilon Beatty 444-4403	Michael Hall 444-4422
ESEA Title VI, Part B, Subpart 1, Small Rural Schools (SRS)	Madilon Beatty 444-4403	Michael Hall 444-4422
ESEA Title VI, Part B, Subpart 2, Rural Low-Income Schools (RLI)	Madilon Beatty 444-4403	Michael Hall 444-4422
ESEA Title VIII, Impact Aid		Tal Redpath 444-3024
ESEA Title X, Part C. Education of Homeless Children and Youth	Pat Dawes 444-3408	Terry Teichrow 444-2036
GEAR UP	Jacalyn Grenfell (OCHE) 444-0321	Everall Fox 444-7490
Gifted and Talented	Jurenne Fuchs 444-2560	Kathleen Mollohan 444-4317

IDEA Part B, Children With Disabilities	Madilon Beatty 444-4403	Marilyn Pearson 444-4428
IDEA Preschool	Madilon Beatty 444-4403	Dan McCarthy 444-4425
IDEA State Program Improvement	Madilon Beatty 444-4403	Susan Bailey-Anderson 444-2046
Indirect Cost Plans		Jim Oberembt 444-1257
Learn and Serve Montana	Pat Dawes 444-3408	June Atkins 444-3664
Reading Excellence	Pat Dawes 444-3408	Debbie Hunsaker 444-0733
School Renovation, IDEA, Technology	Madilon Beatty 444-4403	Diane Sands 444-1430
Services for Significant Needs Students (formerly Day Treatment)	Madilon Beatty 444-4403	Susan Bailey-Anderson 444-2046
TANF	Jurenne Fuchs 444-2560	Becky Bird 444-4443
Trustees' Financial Summary		Jim Oberembt 444-1257

CALENDAR

JULY

July 1	State fiscal year begins - (20-1-301, MCA)
July 25	Cash Advance Request form due to the OPI for payments in August
July 31	Last day to liquidate obligations for projects ended June 30 (See August 10 of Calendar for a list of these projects)
In July	Carl Perkins local application approval letters sent to authorized representatives

AUGUST

August 10

Fiscal Closeout Reports and Final Program Reports due for projects ended June 30

Federal Programs:
- Adult Basic and Literacy Education
- Carl Perkins
- ESEA Title V, Part D, Subpart 3, Character Education
- IDEA Part B, Students with Disabilities
- IDEA Preschool
- Learn and Serve Montana
- Reading Excellence
- School-To-Work
- TANF

State Programs:
- Gifted and Talented
- Services for Significant Needs Students (formerly Day Treatment)
- State Adult Education

Cash advances requested for August are paid

In August — Review cash status and amend Cash Advance Request forms as necessary

SEPTEMBER

September 1 — Last day to request budget or program modifications for projects due to end September 30

Title IV, Part B, 21st Century Community Learning Centers grants awarded

September 10	Cash advances requested for September are paid
Second Monday	Trustees' Financial Summary due to the OPI
September 30	Last day to obligate funds for projects ending September 30 (See November 10 of Calendar for a list of these projects)
	Last day for approving consolidated applications for ESEA: Title I, Part A, Improving Basic Programs Title II, Part A, Teacher & Principal Training & Recruiting Title II, Part D, Education Technology Title IV, Part A, Safe and Drug Free Schools and Communities Title V, Part A, Innovative Programs Title VI, Part B, Subpart 2, Rural Low Income Schools (RLI)
In September	"Withholding of Funds" notice mailed for projects ended June 30, but not closed
	Review cash status and amend Cash Advance Request forms as necessary

OCTOBER

October 10	Cash advances requested for October are paid
October 15	Reallocated application must be postmarked to the OPI for ESEA Title I (if applying)
October 31	Last day to liquidate obligations for projects ended September 30
In October	Fall Report due to the OPI
	Review cash status and amend Cash Advance Request forms as necessary
	Carl Perkins Accountability Core Indicators 2-4 forms are sent to authorized representatives

NOVEMBER

On or before November 1	State Secondary Vocational Education payment (20-7-306, MCA)
November 10	Cash advances requested for November are paid

Fiscal Closeout Reports **and** Final Program Reports due for projects ended **September 30, 2002**

Federal Programs:

- Comprehensive School Reform Demonstration Program
- ESEA Title I, Part A, Improving Basic Programs
- ESEA Title I, Part A, Accountability
- ESEA Title I, Part B, Even Start Family Literacy
- ESEA Title I, Part D, Neglected, Delinquent, and At-Risk Youth
- ESEA Title II, Eisenhower Professional Development Program
- ESEA Title III, Technology Literacy Challenge Fund
- ESEA Title IV, Safe and Drug-Free Schools (Base Grants) (Fiscal Closeout Report only)
- ESEA Title IV, SDFS Greatest Need Grant
- ESEA Title VI, Innovative Education Program Strategies (Fiscal Closeout Report only)
- ESEA Title VI, Reduced Class Size
- ESEA Title VII, Part C, Emergency Immigrant
- Education of Homeless Children and Youth
- TANF-Power Path

Fiscal Closeout Reports **and** Final Program Reports due for projects ended **September 30, 2003**

Federal Programs:

- ESEA Title I, Part A, Improving Basic Programs
- ESEA Title I, Part A, Accountability
- ESEA Title I, Part A, Improvement Grants
- ESEA Title I, Part B, Subpart 3, Even Start
- ESEA Title I, Part B, Subpart 1, Reading First
- ESEA Title I, Part D, Neglected, Delinquent and At-Risk Youth
- ESEA Title I, Part F, Comprehensive School Reform
- ESEA Title I, Part G, Advanced Placement
- ESEA Title II, Part A, Teacher & Principal Training & Recruiting
- ESEA Title II, Part D, Educational Technology
- ESEA Title III, Part A, English Language Acquisition & Language Enhancement
- ESEA Title IV, Part A, Safe and Drug-Free Schools & Communities (Fiscal Closeout Report only)
- ESEA Title IV, Part B, 21st Century Community Learning Centers
- ESEA Title V, Part A, Innovative Programs
- ESEA Title VI, Part B, Subpart 2, Rural Low-Income Schools (RLI) (Fiscal Closeout Report only)
- ESEA Title X, Part C, Education of Homeless Children and Youth
- School Renovation, IDEA, Technology

In November	Review cash status and amend Cash Advance Request forms as necessary

DECEMBER

December 1	Districts and Special Education Cooperatives count number of students with disabilities for IDEA Part B Child Count
	Preliminary maintenance of effort report is sent to authorized representatives, district clerks and special education clerks
December 10	Cash advances requested for December are paid
	Special Education Child Count due to the OPI if submitted on paper forms
December 20	Last day for school districts and cooperatives to submit corrections to Trustees' Financial Summary (TFS) data to the OPI for maintenance of effort calculations. Data changes after this date will be made only through the hearings process
December 31	Carl Perkins Accountability Core Indicators 2-4 forms must be postmarked to the OPI
In December	"Withholding of Funds" notice mailed for projects ended September 30, but not closed
	Review cash status and amend Cash Advance Request forms as necessary

JANUARY

January 5	Electronically submitted Special Education Child Count due to the OPI
January 10	Cash advances requested for January are paid
January 20	Career and Technical Education Enrollment Reports mailed to authorized representatives
January 31	ESEA Title VIII, Impact Aid applications due to U.S. Department of Education with copy to the OPI
In January	Review cash status and amend Cash Advance Request forms as necessary

FEBRUARY

February 10	Cash advances requested for February are paid
	Career and Technical Education Enrollment Reports must be postmarked to the OPI

February 15	OPI transmits ESEA Title VIII, Impact Aid information to U.S. Department of Education
February 23	Special Education Child Count verification and signed assurance statements due to the OPI
In February	Adult Basic and Literacy Education (ABLE) applications are mailed (two-year cycle - even numbered years, i.e., 2004)
	Review cash status and amend Cash Advance Request forms as necessary
	Gifted & Talented State Grant Program "Intent to Participate" mailed to authorized representatives
	Carl Perkins nontraditional and rural reserve RFP's are sent to secondary authorized representatives

MARCH

March 10	Cash advances requested for March are paid
	Gifted & Talented State Grant Program - "Intent to Participate" must be postmarked to the OPI
March 30	A-133 audit reports due to the OPI from sub-grantees spending federal funds of more than $300,000/year
In March	Review cash status and amend Cash Advance Request forms as necessary
	Nonpublic school participation in federal program packets distributed to authorized representatives
	The OPI distributes indirect cost rate applications for ensuing year
	Gifted & Talented State Grant Program - application package and allocation amount mailed to authorized representatives

APRIL

April 10	Cash advances requested for April are paid
April 15	Gifted & Talented State Grant Program application must be postmarked to the OPI

In April

Final maintenance of effort report and application packet for IDEA Part B and preschool grants sent to authorized representatives of districts and cooperatives

ESEA Consolidated Application mailed to authorized representatives

Review cash status and amend Cash Advance Request forms as necessary

Carl Perkins nontraditional and rural reserve competitive proposals are due to the OPI

Carl Perkins teleconference

State Career and Vocational/Technical Education applications mailed to authorized representatives

Federal Carl Perkins local applications mailed to authorized representatives

Carl Perkins Accountability Core Indicator 1 forms mailed to authorized representatives as part of the Carl Perkins local application

Adult Basic and Literacy Education (ABLE) applications are due to the OPI

MAY

May 10

Cash advances requested for May are paid

May 26

State Career and Vocational/Technical Education applications must be postmarked to the OPI

Federal Carl Perkins Local Applications and Core Indicator 1 forms must be postmarked to the OPI

May 30

ESEA Federal Programs Annual Consolidated Application must be postmarked to the OPI:

Titles I, Part A, Basic Programs
Title II, Part A, Teacher and Principal Training and Recruiting
Title II, Part D, Education Technology
Title IV, Part A, Safe and Drug Free Schools
Title V, Part A, Innovative Programs
Title VI, Part B, Subpart 2, Rural Low Income Schools

Comprehensive School Reform (CSR) Program Interim Evaluation Report due to the OPI

May 31	Indirect Cost Rate applications for ensuing year due to the OPI Applying later will delay the "effective" date for using the rate
In May	Review cash status and amend Cash Advance Request forms as necessary
	Gifted & Talented State Grant Program - Approval letter mailed to authorized representatives of grant recipients
	Adult Basic and Literacy Education (ABLE) approval letter mailed to authorized representatives (two-year cycle, even numbered years)
	Title IV, Part B, 21st Century Community Learning Centers applications sent to authorized representatives
	Nonpublic school participation in federal programs information completed by authorized representatives and returned to the OPI

JUNE

June 1	Last day to request budget modifications/extensions for projects due to end June 30
June 10	Cash advances requested for June are paid
June 15	IDEA Part B and Preschool Entitlement Grant Applications (SE-1) must be postmarked to the OPI
June 19	Suspension/Expulsion log due to the OPI
June 30	Last day to obligate funds for projects ending June 30
June 30	Title IV, Part B, 21st Century Community Learning Centers applications due to OPI
In June	Review cash status and amend Cash Advance Request forms as necessary
	Audit reports due to OPI from sub-grantees spending federal funds of less than $300,000/year

Note: Deadlines for state aid programs, including direct state aid, guaranteed tax base subsidies, transportation aid and state special education allowable cost funding are listed in Topic 2 of the Montana School Accounting Manual. See the school district superintendent or clerk for a copy.

Overview of State and Federal Grant Programs

The following state and federal grant programs are administered by the Office of Public Instruction:

State Program Descriptions

ADULT BASIC EDUCATION

Legal Reference: 20-7-701, 20-7-702, 20-7-711, 20-7-712, 20-7-714, MCA

The funds provided by the state of Montana are combined with the federal adult basic education funds to provide adult basic education services throughout Montana. The state funds are used to help maintain Montana's obligation for match and maintenance of effort requirements to receive federal funds.

In addition to state-provided funds, provision is made for local public school and community college districts and counties to levy funds to provide for adult basic education and literacy services. These funds also provide an important portion of the match and maintenance of effort requirements for local programs in Montana to receive federal adult basic education funding.

Refer to the FEDERAL ADULT EDUCATION BASIC GRANT PROGRAM below for further information.

GIFTED AND TALENTED STATE GRANT PROGRAM

Legal Reference: 20-7-903, MCA

The Gifted and Talented state grant program provides grant funds for supplemental financial assistance to school districts to strengthen the quality of programs for gifted and talented students. Approximately 100 programs are funded annually, based upon an application and comprehensive plan, with approval based on the recommendations of a peer review panel. Grants are awarded according to a formula by which applicants with a student population of over 2,300 are awarded twice the funding of districts whose student population is under 2,300.

SERVICES FOR SIGNIFICANT NEEDS STUDENTS

Authority: HB2, Appropriation Language

These are state funds which, when available, are announced and provided to school districts on a priority basis to assist with the costs of students with significant behavioral or physical needs served by public schools. Students eligible to be served with these funds include all of the following: students with significant behavioral or physical needs, conduct disorder students, juvenile sex offenders, students identified as emotionally disturbed (ED) under special education or as severely emotionally disturbed (SED) under the Montana Mental Health Access Plan. To be considered treatment services, the funds must be used for meeting a student's mobility or physical/health care needs and/or treating, managing and/or directing student behavior during the course of the school day. Examples of day treatment services include: nursing services, therapy (group, family, individual), cost of instruction for teacher and paraprofessional time assigned to serving children in

therapeutic group home settings and alternate education sites, provision of behavior management specialist services and enhanced supervision, including probation and contracted mental health services.

Announcements regarding the availability of such funds are made through the Division of Special Education.

STATE CAREER AND VOCATIONAL/TECHNICAL EDUCATION FUNDS
Legal Reference: 20-7-301, 20-7-302.1, 20-7-303, 20-7-305, 20-7-306, MCA

Program provides funding to assist high schools in paying the additional costs of approved career and technical education programs. Career and technical education programs eligible for state vocational funding include: agriculture education; health occupations education; business education; family and consumer sciences education; industrial/technology education; and marketing education. Programs must be taught by instructors endorsed in the respective curricular area.

Federal Program Descriptions

ADULT EDUCATION—BASIC GRANTS TO STATES CFDA #84.002
Authority: Adult Education and Family Literacy Act of 1998, Section 211(b).
Regulations: EDGAR

Provides grants to states to fund local programs of adult education and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participation in these programs is primarily adults and out-of-school youths at least 16 year of age.

GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR UP) CFDA #84.334
Authority: The Higher Education Act of 1965, Title IV, Part A, Subpart 2, Chapter 2 as amended
Regulation: 34 CFR 694

Encourages disadvantaged young people to pursue high goals, remain in school, and complete coursework suitable for college acceptance. The program administers early college preparation and awareness activities to provide Montana students with comprehensive mentoring, counseling, outreach, and other supportive services. The GEAR UP Program also operates a financial assistance program that awards scholarships to students participating in Montana higher education. The program consists of approximately 20 staff, more than 20 cooperating campuses, and 21-23 school districts. The Office of the Commissioner of Higher Education (OCHE) is the fiscal agent for GEAR UP in Montana.

TITLE PROGRAMS

ESEA TITLE I, PART A, IMPROVING BASIC PROGRAMS CFDA #84.010A

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title I, Part A, Sections 1111-1127
Regulations: EDGAR

Provides financial assistance through state education agencies (SEAs) to local education agencies (LEAs) to help improve instruction in high-poverty schools and ensure that poor and minority children have the same opportunity as other children to meet challenging State academic standards.

ESEA TITLE I, PART A, ACCOUNTABILITY CFDA #84.348A

Authority: Elementary and Secondary Education Act of 1965
Regulations: EDGAR

Provides LEAs with supplemental resources to carry out their school improvement and corrective action responsibilities under section 1116(c) of Title I.

ESEA TITLE I, PART A, IMPROVEMENT GRANTS CFDA #84.010A

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title I, Part A, Sections 1111-1127
Regulations: EDGAR

Provides assistance to LEAs with supplemental resources to carry out their school improvement and corrective action responsibilities under section 1116(c) of Title I.

ESEA TITLE I, PART B, SUBPART 1, READING FIRST

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title I, Part B, Sections 1201-1208
Regulations: EDGAR

Provides assistance through state education agencies (SEAs) to local education agencies (LEAs) in establishing reading programs for students in kindergarten through grade 3 that are based on scientifically based reading research, to ensure that every student can read at grade level or above not later than the end of grade 3.

ESEA TITLE I, PART B, SUBPART 3, WILLIAM F. GOODLING EVEN START FAMILY LITERACY PROGRAMS CFDA #84.213

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title I, Part B, Sections 1231-1232
Regulations: EDGAR

Improves the educational opportunities of low-income families by integrating early childhood education, adult literacy or adult basic education and parenting education into a unified family literacy program.

ESEA TITLE I, PART C, MIGRANT EDUCATION CFDA #84.011A

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title I, Part C, Sections 1301-1309

Regulations: EDGAR

Provides financial assistance to the state education agencies (SEAs) to support high-quality and comprehensive educational programs for children of migratory workers to help reduce the educational disruptions and other problems that result from repeated moves.

ESEA TITLE I, PART D, EDUCATION OF NEGLECTED AND DELINQUENT AND AT-RISK YOUTH CFDA #84.013A

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title I, Part D, Sections 1411-1420

Regulations: EDGAR

Extends services and learning time in state institutions and community day programs. Encourages smooth transitions to continue schooling or enter the job market. Supports collaboration with local correctional facilities.

ESEA TITLE I, PART F, COMPREHENSIVE SCHOOL REFORM CFDA #84.010B

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title I, Part F, Sections 1601-1608

Regulations: EDGAR

Provides formula grants to state education agencies (SEAs) to award competitive grants to local education agencies (LEAs) on behalf of schools. Schools receive awards renewable for up to 2 additional years of not less than $50,000 to adopt and implement comprehensive school reforms based on reliable research and effective practices so that all children can meet challenging State academic content and achievement standards. SEAs are required to give competitive preference to LEAs that plan to use the funds in schools identified as being in need of improvement or corrective action and demonstrate a commitment to help schools to implement and sustain reform.

ESEA TITLE I, PART G, ADVANCED PLACEMENT CFDA #84.330C

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title I, Part G, Sections 1701-1708

Regulations: EDGAR

Provides grants to eligible entities to support increased opportunities for teacher training and for on-line delivery of Advanced Placement teacher training and student Advanced Placement courses, especially in low-income areas, and in rural isolated areas of the state. The grant also provides a fee waiver for the Advanced Placement test for low-income students.

ESEA TITLE II, PART A, TEACHER AND PRINCIPAL TRAINING AND RECRUITING

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title II, Part A, Sections 2101-2123

Regulations: EDGAR

Provides grants through state education agencies (SEAs) to local education agencies (LEAs) to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools; and hold local educational agencies and schools accountable for improvements in student academic achievement.

ESEA TITLE II, PART D, EDUCATIONAL TECHNOLOGY CFDA #84.318

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L. 107-110, Title II, Part D, Sections 2401-2416

Regulations: EDGAR

Provides grants to state education agencies (SEAs) to assist local education agencies (LEAs) for the implementation and support of a comprehensive system that effectively uses technology in elementary schools and secondary schools to improve student academic achievement.

ESEA TITLE III, PART A, ENGLISH LANGUAGE ACQUISITION, LANGUAGE ENHANCEMENT AND ACADEMIC ACHIEVEMENT ACT

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, Title III, Part A, P.L.107-110, Sections 3111-3129

Regulations: EDGAR

Provides financial assistance to state and local agencies to help ensure that children who are limited English proficient, including immigrant children and youth, attain English proficiency, develop high levels of academic attainment in English, and meet the same challenging State academic content and student academic achievement standards as all children are expected to meet.

ESEA TITLE IV, PART A, SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES CFDA #84.186A

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L.107-110, Title IV, Part A, Sections 4001-4155

Regulations: EDGAR

Provides financial assistance to state and local education agencies or consortia of local education agencies to establish, operate and improve programs of violence and drug abuse prevention education. Funds are provided to local education agencies that apply and are awarded under formula grants.

ESEA TITLE IV, PART B, 21st CENTURY COMMUNITY LEARNING CENTERS

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, PL.107-110, Title IV, Part B, Section 4201-4206

Regulations: EDGAR

Provides financial assistance for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment during non-school hours (before school, after school, and summer hours). Services must reinforce and complement regular academic programs, and may also offer literacy and educational development to families. Award priority is given to applicants that serve students who attend Title I school wide schools or schools that serve a high percentage of students from low-income families. Priority is further given to applications submitted jointly by LEAs receiving funds under Title I, Part A and community-based entities.

ESEA TITLE V, PART A, INNOVATIVE PROGRAMS CFDA #84.298

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L.107-110, Title V, Part A, Sections 5101-5146

Regulations: EDGAR

Provides funding to enable state educational agencies and local educational agencies to implement promising educational reform programs and school improvement programs based on scientifically based research; to provide a continuing source of innovation and educational improvement, including support programs to provide library services and instructional and media material; to meet the educational needs of all students, including at risk-youth; and to develop and implement educational programs to improve school, student, and teacher performance, including professional development activities and class size reduction programs.

ESEA TITLE V, PART D, SUBPART 3, PARTNERSHIPS IN CHARACTER EDUCATION CFDA #84.215V

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L.107-110, Title V, Section 5431

Regulations: EDGAR

Provides grants to eligible entities for the design and implementation of character education programs that are able to be integrated into classroom instruction and to be consistent with State academic content standards, and are able to be carried out in conjunction with other education reform efforts.

ESEA TITLE VI, PART A, SUBPART 2, TRANSFERABILITY

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L.107-110, Title VI, Part A, Sections 6121-6123

Regulations: Guidance from USDE

Allows local educational agencies (LEAs) that have not been identified as in need of improvement or corrective action under Title I to transfer up to 50 percent of its formula allocation under Teacher

and Principal Training and Recruiting Fund (Title II-A), Educational Technology (Title II-D), Safe and Drug-Free Schools and Communities (Title IV-A), or Innovative Programs (Title V-A) to supplement its allocation under any of the programs listed above. An LEA also may use the funds to supplement the Title I allocation.

An LEA identified as in need of improvement may transfer up to 30 percent of its allocation for the programs listed above only if it transfers the funds to: (1) supplement its school improvement allocation; or (2) carry out Title I improvement activities. An LEA identified as in need of corrective action may not transfer any funds.

ESEA TITLE VI, PART B, SUBPART 1, SMALL RURAL SCHOOLS (SRS) CFDA #84.358A

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L.107-110, Title VI, Part B, Sections 6211-6213

Regulations: Guidance from USDE and EDGAR

Allows eligible local educational agencies (LEAs) to use part or all of the funds awarded under Teacher and Principal Training and Recruiting Fund (Title II-A), Educational Technology (Title II-D), Safe and Drug-Free Schools and Communities (Title IV-A), or Innovative Programs (Title V-A) for activities under Improving Basic Programs (Title I-A), Teacher and Principal Training and Recruiting Fund (Title II-A), Educational Technology (Title II-D), Language Instruction (Title III-A), Safe and Drug-Free Schools and Communities (Title IV-A), 21st Century Community Learning Centers (Title IV-B), or Innovative Programs (Title V-A).

Eligible LEAs may also receive additional funds directly from the U.S. Department of Education.

ESEA TITLE VI, PART B, SUBPART 2, RURAL LOW-INCOME SCHOOLS (RLI)

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L.107-110, Title VI, Part B, Sections 6221-6224

Regulations: Guidance from USDE and EDGAR

Provides financial assistance by state educational agencies to local educational agencies for teacher recruitment and retention, teacher professional development, educational technology, including software and hardware, under Title II-D, parental involvement activities, activities authorized under the Safe and Drug Free Schools Program under Title IV-A, activities authorized under Title I-A and activities authorized under Title III.

ESEA TITLE X, PART C, EDUCATION OF HOMELESS CHILDREN AND YOUTH CFDA #84.196

Authority: Elementary and Secondary Education Act of 1965 as reauthorized by the No Child Left Behind Act of 2001, P.L.107-110, Title X, Part C, Sections 1031-1034

Regulation: EDGAR

Provides activities and services to ensure that homeless children and youths enroll in, attend and achieve in school. Establishes a representation in each SEA for coordinating programs and to

develop and carry out a state plan for education of homeless children and youths, implement programs to heighten awareness of school personnel regarding the problems of the homeless and to provide grants to LEAs.

SPECIAL EDUCATION PROGRAMS

INDIVIDUALS WITH DISABILITIES EDUCATION ACT, (IDEA) PART B CFDA #84.027

Authority: Education for All Disabled Children Act of 1975 as amended by the Individuals with Disabilities Education Act of 1997, 20 USC 1401, et seq.
Regulations: EDGAR and 34 CFR 300

Provides financial assistance to states and local education agencies to support special education and related services to students with disabilities.

INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA) PRESCHOOL CFDA #84.173

Authority: Education for All Disabled Children Act of 1975 as amended by the Individuals with Disabilities Education Act of 1997, 20 USC 1419
Regulations: EDGAR and 34 CFR 301

Provides financial assistance to states to assist them in providing special education and related services to disabled children aged three through five years, planning and developing a statewide comprehensive delivery system for disabled children from birth through age five years and providing direct and support services to disabled children aged three through five years.

INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA), STATE PROGRAM IMPROVEMENT GRANTS FOR CHILDREN WITH DISABILITIES CFDA #84.323A

Authority: P.L.105-107 Individuals with Disabilities Education Act, 20 USC 1451-1456
Regulation: EDGAR

To assist state education agencies and their partners in reforming and improving their systems for providing educational, early intervention, and transitional services, including their systems for professional development, technical assistance, and dissemination of knowledge about best practices, to improve results for children with disabilities.

OTHER PROGRAMS

LEARN AND SERVE MONTANA CFDA #94.004

Authority: National and Community Service Trust Act of 1993
Regulations: Federal Register of March 23, 1994, CFR 2515 through 2519

Program encourages K-12 teachers and community-based agencies to create, develop and offer service-learning opportunities for school-age youth, educate teachers and incorporate service-learning opportunities into classrooms to enhance academic learning. Coordinates adult volunteers in schools,

introduces students to a broad range of careers and encourages them to pursue further education and training.

READING EXCELLENCE CFDA #84.338

Authority: P.L.105-277, the Omnibus Appropriations Act of FY 1999
Regulations: EDGAR

Competitive, two-year "local reading improvement grants" that are intended to improve classroom instruction using scientifically based reading research so that all children are able to read by the end of the third grade.

SCHOOL RENOVATION, IDEA AND TECHNOLOGY PROGRAM CFDA #84.352

Authority: P.L.106-554, Department of Education Appropriations Act, 2001
Regulations: EDGAR

Competitive grants to local education agencies (LEAs) of which seventy-five percent of these funds are reserved for school renovation and twenty-five percent are reserved for activities under Part B of the Individuals with Disabilities Education Act and technology activities associated with school renovation.

VOCATIONAL EDUCATION-BASIC GRANTS TO STATES CFDA #84.048A

Authority: Carl D. Perkins Vocational and Technical Education Act of 1998, Title I.
Regulations: EDGAR

Provides states with support for vocational and technical education programs that improve the academic, vocational, and technical skills of students. It supports the developing, improving, and expanding use of technology in vocational and technical education. It also supports professional development programs and assists with the preparation for nontraditional training and employment as well as providing support for partnerships among local educational agencies, institutions of higher education, adult education providers, and, as appropriate, other entities. It serves individuals in state institutions as well as providing support for programs for special populations that lead to high skill, high wage careers.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (ABE/TANF) CFDA 93.558

Authority: P.L. 104-193 and P.L. 105-33

To provide assistance to needy families with children so that children can be cared for in their own homes and to reduce dependency by promoting job preparation and work opportunities.

PROJECT NUMBERS FOR OPI PROGRAMS

Each grant administered by the OPI uses a 15-digit identification number called a project number. The following table shows the project code structure assigned to each state and federal project:

Sample: XX - XXXX - XX - XX - XXXXX equals 5609653103XXXXX

56	=	County Identifier (i.e., Yellowstone County)
0965	=	Legal Entity (i.e., Billings Elementary)
31	=	Money Type (i.e., the type of grant, Title I)
03	=	State Fiscal Year (the fiscal year in which the project is awarded)
XXXXX	=	Up to 5 unique identifying numbers or letters used to identify a program

PROJECT NAME	PROJECT NUMBER (xx-xxx-Money Type-XX-XXXXX)	STATE OR FEDERAL
Adult Basic and Literacy Education (ABLE)	56	State/Federal
Carl Perkins (Vo-Ed)	82	Federal
ESEA Title I, Part A, Improving Basic Programs	31	Federal
ESEA Title I, Part A, Accountability	32	Federal
ESEA Title I, Part A, Improvement Grants	37	Federal
ESEA Title I, Part B, Subpart 1, Reading First	35	Federal
ESEA Title I, Part B, Subpart 3, Even Start	38	Federal
ESEA Title I, Part C, Migrant Education	36	Federal
ESEA Title I, Part C Migrant Incentive Grant	43	Federal
ESEA Title I, Part D, Neglected, Delinquent, And At-Risk Youth	42	Federal
ESEA Title I, Part F, Comprehensive School Reform	63	Federal
ESEA Title I, Part G, Advanced Placement	40	Federal
ESEA Title II, Part A, Teacher and Principal Training and Recruiting	14	Federal
ESEA Title II, Part D, Educational Technology	60	Federal
ESEA Title III, Part A, English Language Acquisition & Language Enhancement	41	Federal
ESEA Title IV, Part A, Safe and Drug-Free Schools and Communities	16	Federal
ESEA Title IV, Part B, 21st Century Community Learning Centers	17	Federal
ESEA Title V, Part A, Innovative Programs	39	Federal
ESEA Title V, Part D, Subpart 3, Character Education	61	Federal
ESEA Title VI, Part B, Subpart 2, Rural Low-Income Schools (RLI)	99	Federal
ESEA Title X, Part C. Education of Homeless Children and Youth	57	Federal
Gifted and Talented	13	State
IDEA Part B, Children With Disabilities	77	Federal
IDEA Preschool	79	Federal
IDEA State Program Improvement	78	Federal
Learn and Serve Montana	51	Federal
Reading Excellence	33	Federal
School Renovation, IDEA, Technology	65	Federal
Services for Significant Needs Students (formerly Day Treatment)	76	State
TANF	53	Federal

200 General Administrative Requirements for Federal Grants

General Requirements

This section discusses the general legal requirements for sub-grantees receiving federal assistance. These general requirements are federal policies established by legislative or executive authority, which apply to all federal programs. The requirements are to be reviewed as part of an audit of each state and local government or other entity which receives federal financial assistance. Sub-grantees should adopt policies implementing each of these requirements.

POLITICAL ACTIVITY

Federal funds cannot be used for partisan political purposes of any kind by any person or organization involved in the administration of federally assisted programs.

[Hatch Act (5 U.S.C. 1501-1508) and Intergovernmental Personnel Act of 1970, as amended by Title VI of Civil Services Reform Act (Public Law 95-454 Section 4728)]

DAVIS-BACON ACT

Laborers and mechanics employed by contractors or subcontractors to work on construction projects financed using federal assistance must be paid wages not less than those established for the local project area by the Secretary of Labor.

[40 Stat 1494, Mar.3, 1921, Chap. 411, 40 U.S.C. 276A-276A-5]

CIVIL RIGHTS

No person shall be discriminated against on the grounds of race, color, national origin, age, or handicap in any program or activity funded by federal funds. Discrimination on the basis of sex or religion is also prohibited in some federal programs.

[Age-42 U.S.C. 6101 et seq.; Race-42 U.S.C. 2000d; Handicap-29 U.S.C. 794]

CASH MANAGEMENT

The timing between the transfer of funds from the U.S. Treasury and the disbursement of funds by the receiving sub-grantee is to be minimized with proper cash management procedures. Sub-grantees that in turn sub-grant/transfer federal funds to other sub-grantees for final expenditure shall conform to the same standards of timing and amount. Generally, this standard has been interpreted to mean a sub-grantee should have the minimum amount of federal cash on hand needed for expenditures. Excess cash on hand must be repaid to the grantor.

Investment of Federal Funds—Sub-grantees should not have excessive federal cash on hand for investment. If federal funds are invested, interest earnings in excess of $250 per year must be refunded to the federal government.

RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION

[Note: This section is included for reference only. Real property acquisitions using grant funds received from the OPI would be extremely unlikely.]

Occasionally, federal aid programs may require the acquisition of property by a sub-grantee and the subsequent displacement of households and businesses. Property acquired in the administration of federal aid must follow systematic procedures. For example, property must be appraised in the presence of the owner, appraisals must be reviewed, price set and settlements negotiated. Similarly, when relocations are involved, the sub-grantee must, for example, provide assistance in locating replacement housing, assure that it meets acceptable standards and maintain records on all acquisitions and relocations.

[Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) P. L. 91-646, as amended by the Uniform Relocation Act Amendments of 1987, Title IV of the Surface Transportation and Uniform Relocation Act of 1987 (1987 Amendments) P. L. 100-17, 101 Stat, 246-256]

FEDERAL FINANCIAL REPORTS

Most federal programs require the periodic preparation of financial reports. During an audit, the auditor reviews supporting documentation and the timeliness and accuracy of the reports submitted.

[Section 41 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" and Treasury Circular 1075, "Withdrawal of Cash from the Treasury for Advances under Federal Grant and Other Programs"]

Application Process

APPLICATIONS FOR GRANTS

A grant application is a legal agreement between the applicant and the Office of Public Instruction (OPI). An applicant may be a school district, a consortium, a special education cooperative, or a nonprofit entity.

The OPI requires each of its sub-grant recipients to sign a "Common Assurances" form (see Appendix B), which is the recipient's agreement to follow important state and federal laws and regulations related to administration of state and federal grant programs. On the Common Assurances form the recipient agrees to the designation of an Authorized Representative (AR). Assurances not common to all programs may be included in individual grant applications.

APPLICATION PROCESS—NONCOMPETITIVE GRANTS

1. Application forms are sent from the OPI to the AR.

2. The AR leads a cooperative effort of administrators, business managers, parents, teachers and other staff in planning the activities of the project and filing the application with the OPI.

3. APPROVAL: The OPI approves the application; or

   PRELIMINARY DISAPPROVAL: The OPI disapproves the application. If the application is not approved, the OPI will send written notification to the applicant of the preliminary disapproval and the reasons for preliminary disapproval, and will provide the applicant an opportunity to correct deficiencies that caused the disapproval.

   FINAL DISAPPROVAL: A preliminary disapproval notice will become final if the applicant does not correct deficiencies in the application or does not request a hearing within the time allowed (see COMPLAINTS AND HEARINGS PROCESS below).

4. The OPI sends written notice of approval to the AR.

5. The AR will share all written notices and program instructional materials with other administrators, business manager/clerk and other management official(s), local program/project directors, teachers and other instructional or support staff, as appropriate.

APPLICATION PROCESS — COMPETITIVE GRANTS

1. A notice that application forms are available is sent from the OPI to ARs. Interested ARs request application forms from the OPI.

2. The AR leads a cooperative effort of administrators, business managers, parents, teachers and other staff in planning the activities of the project and filing the application with the OPI.

3. APPROVAL: The OPI approves the application; or

   DISAPPROVAL: The OPI disapproves the application and sends written notice of disapproval and the reason for disapproval to the AR.

4. The OPI sends written notice of approval to the AR.

5. AR will share all written notices and program instructional materials with the other administrators, business manager/clerk and other management official(s), local program/project directors, teachers and other instructional or support staff, as appropriate.

Complaints and Hearings Processes

At times, a subrecipient may disagree with the OPI actions or decisions involving federal and state grant programs. In those cases, the sub-recipient may ask for reconsideration of the action or decision by using processes outlined in this section.

The following are examples of situations in which a sub-recipient may enter a complaint and/or request a hearing:

1. The OPI denied a noncompetitive grant application submitted by the entity or did not make an award for the application;

2. The OPI requires certain corrective action on an audit finding or as a result of site visit or other monitoring effort, and the entity does not agree that corrective action is necessary;

3. The entity feels the OPI has otherwise violated a specific federal statute or program regulation;

4. The OPI terminates, in whole, or part, an approved project.

In the event the OPI proposes to deny, in whole or part, any sub-grantee application for noncompetitive federal monies, the district shall be afforded reasonable notice of:

1. The intent to deny the application and the reasons for denial; and

2. The district's right to request a hearing before the OPI prior to final denial of the application.

The application by the sub-grantee may be denied, in whole or part, if the sub-grantee fails to request a hearing.

COMPLAINT PROCESS—Used in cases where a sub-recipient feels the OPI or another organization has violated a specific law or regulation.

A. FILING A COMPLAINT

1. Any individual or organization may file a written, signed complaint with the OPI. The complaint must be addressed to the OPI program director.

2. The complaint must include a statement that the OPI or sub-grantee has violated a requirement of a federal statute or regulation or a state statute or administrative rule that applies to the state or federal grant program.

3. The statement must identify:
   a. The specific section of the law, regulation or administrative rule that has been violated; and
   b. The facts upon which the statement is based.

B. OPI RECEIPT AND REVIEW OF COMPLAINT

1. The OPI will review and act on any complaint within 60 days of the date the complaint was received.

2. The OPI may take one or more of these actions to review and resolve the complaint:
   a. Resolve the complaint based on facts presented;
   b. Request additional data to be used in resolving the complaint; or
   c. Conduct an on-site review to collect data to resolve the complaint.

3. If a LEA's decision is being appealed, the OPI will resolve the appeal or provide a decision within the 60 days.

4. If resolution is not possible within 60 days due to exceptional circumstances, the OPI may provide an extension on the time limit for resolution.

5. The OPI will issue the complainant a written notice of resolution.

6. If the OPI does not rescind its action, the applicant may file an appeal to the U.S. Secretary of Education within 20 days of the OPI's ruling on the hearing. If supported by substantial evidence, findings of fact of the OPI will be final. The OPI will provide the complainant with the address of the federal contact person at the time the OPI sends the written notice of resolution.

7. The Secretary may also issue interim orders to the OPI, if necessary, pending appeal or review.

8. If the Secretary determines that the action was contrary to laws or regulations, the Secretary may issue an order to the OPI to take appropriate action. Failure to comply may cause the loss of all federal assistance to the state.

HEARINGS PROCESS—Used in cases when the sub-recipient disagrees with the OPI actions, such as the resolution of an audit finding, additional monitoring required of the entity as the result of an on-site visit or other monitoring effort, withholding of a portion or all of an award because of failure to maintain effort, failure to provide a match, disapproval of a non-competitive grant application, etc.

The hearings process will be as follows: (34 CFR 76.783, 76.401)

1. The applicant must submit a written request for a hearing to the appropriate OPI program director.

2. Special requirements related to audit resolution problems:
   a. Address the request to the OPI School Accounting Supervisor.
   b. When controversy over the acceptability of the entity's response to an audit finding is the cause of the request for hearing, the request must be received within 30 days of the date of the Department of Administration's notice stating the audit response is not acceptable.

3. Within 30 days of receiving the applicant's request, the OPI will hold a hearing on the record and review its action.

4. Within 10 days after the hearing, the OPI will issue a written ruling, including findings of fact and reasons for the ruling.

5. If the OPI determines its action was contrary to law or regulations, the OPI will review its action and change its action to be in compliance with law or regulations.

6. If the OPI does not rescind its action, the applicant may file an appeal to the U.S. Secretary of Education within 20 days of the OPI's ruling on the hearing. If supported by substantial evidence, findings of fact of the OPI will be final. The OPI will provide the entity with the address of the federal contact person at the time the OPI sends the written notice of resolution.

7. The Secretary may also issue interim orders to the OPI, if necessary, pending appeal or review.

8. If the Secretary determines that the action was contrary to laws or regulations, the Secretary may issue an order to the OPI to take appropriate action. Failure to comply may cause the loss of all federal assistance to the state.

Common Assurances (CA) and Program-Specific Assurances

Sub-grantees receiving education funds must certify, by signature of the board chair or executive officer, that they will abide by legislated requirements as a condition for receipt of the funds (for example, that the funds will be used for the purposes for which they were intended).

Each legal entity that participates in one or more of the programs listed, **must** complete and return this form to the OPI prior to the award of funds for any U. S. Department of Education administered program:

ESEA Reauthorized by the No Child Left Behind Act of 2001, P. L. No. 107-110,115 Stat. 1425
Individuals with Disabilities Education Act (IDEA), Part B, 20 USC §1400
Carl D. Perkins Vocational and Technical Education Act, 20 USC §2301
Workforce Investment Act, 29 USC §2801
Adult Basic Literacy Education, 42 USC §4959
General Education Provisions Act (GEPA), 20 USC §1221
Pro-Children's Act of 2001, P. L. No. 107-110, §9532, 115 Stat. 1984

Common Assurances and Program-Specific Assurances for Federal Funding (see Appendix B): Statements of required assurances that are common across many programs, as well as assurances specific to individual programs.

All education funds distributed by the OPI are subject to specific state accounting and reporting requirements. In addition, several federal education programs have federal requirements that are the same from program to program. Rather than repeat the same assurance requests for each program, the OPI has gathered together those assurances that are the same for several programs and placed them in one common assurance document. *That document also contains program-specific assurances that are listed under the title of the program.*

Process for Common Assurances:
Each year, the authorized representative for a sub-grantee that may receive education funds from

the OPI, is asked to certify to the OPI that the sub-grantee will comply with the requirements listed in the Common Assurance form prior to receipt of program funds. The list of common assurances and a copy of the signed certification are to be kept on file by each entity. If the assurances are unchanged from one year to the next, the certification will be that no conditions have changed since the original certification of common assurances. When requirements for assurances change, a new Common Assurance listing will be distributed for certification by sub-grantees receiving education funding.

The Common Assurances for federal programs, and specific program assurances for those programs in which a legal entity participates, are accepted as the basic conditions for local participation and assistance in the operation of the projects/programs in which it participates. The recipient agrees to the designation of an Authorized Representative to make representations and commitments on behalf of the applicant under the provisions of each program. The applicant, by signature of its Board Chair or Executive Officer, assures the OPI that the applicant will adhere to the specific program assurances if participating in any of the programs listed beginning on page 4 of the assurances.

Each federal grant award administered by the OPI requires a person to act as the AR. The AR is a liaison between the grantor, the OPI, and the sub-grantee (see Section 700 in this manual).

Maintenance of Effort (MOE)

DEFINITION AND PURPOSE

"Maintenance of Effort" (or "MOE" or "Maintenance of Fiscal Effort") is required by many grant programs. The purpose of a maintenance of effort requirement is to ensure the recipient of federal funds does not spend those funds in place of state and local dollars. The MOE ensures a recipient spends state and local dollars for the same activities that would be provided if federal dollars were not available. Thus, federal programs supplement the normal activities of the entity and do not replace, or supplant, their normal activities.

Sub-recipients who do not meet MOE requirements may lose eligibility to a portion or all of the grant funds under the program which requires it.

TYPES OF MAINTENANCE OF EFFORT

There are four types of MOE monitored by OPI. They are:

1. Federal ESEA Title MOE is used for the following grants:
   - Title I, Part A, Improving Basic Programs
   - Title I, Part B, Subpart 3, Even Start
   - Title I, Part C, Migrant Education
   - Title I, Part D, Neglected, Delinquent and At-Risk Youth
   - Title I, Part F, Comprehensive School Reform
   - Title II, Part A, Teacher and Principal Training and Recruiting
   - Title II, Part D, Educational Technology
   - Title III, Part A, English Language Acquisition and Language Enhancement
   - Title IV, Part A, Safe and Drug-Free Schools and Communities

Title IV, Part B, 21st Century Community Learning Centers
Title V, Part A, Innovative Programs
Title VI, Part B, Subpart 2, Rural Low-Income Schools (RLI)

The MOE information is provided to the U.S. Department of Education for Title VII, Indian Education and Title VIII, Impact Aid.

2. IDEA MOE—used for IDEA Part B

3. Carl Perkins Vocational Education MOE—Required on a statewide level, not at individual sub-recipient level.

4. Adult Basic and Literacy Education MOE—Required on a statewide level, not at individual sub-recipient level.

SPECIAL EDUCATION COOPERATIVES/CONSORTIUMS AND MOE

When the prime applicant is a special education cooperative/consortium, MOE is based on the combined activity of the cooperative's or consortium's members. The eligibility for continued funding under a program requires MOE by the cooperative or consortium as a whole. Failure of the combined membership to maintain effort as a cooperative or consortium may result in loss of funding for the cooperative or consortium.

HOW THE OPI MONITORS MAINTENANCE OF EFFORT

Each prime applicant of federal funds is responsible for ensuring the entity maintains effort. As a sub-grantor, the OPI is required to monitor and confirm that each of its sub-recipients maintained effort.

The OPI confirms MOE for school districts and special education cooperatives using data reported on the district's or cooperative's annual Trustees' Financial Summary (TFS) submitted to the OPI each September, and by reviewing audit reports.

TIMELINE FOR MAINTENANCE OF EFFORT

2nd Mon. in Sept.	The OPI receives annual Trustees' Financial Summary (TFS) reports from school districts and special education cooperatives.
December 1	The OPI calculates preliminary MOE and notifies recipients of their status.
By December 20	School districts and special education cooperatives must submit any changes/ corrections to data reported on their TFS reports to the OPI. Changes after this date will only be accepted through the hearings process.
After December 20	The MOE calculations are finalized.
April - June	The OPI reports final MOE status to districts as part of the application process for the next year.

SPECIFIC PROGRAM REQUIREMENTS FOR MAINTENANCE OF EFFORT (MOE)

MOE for Federal ESEA Title Grants: (also see APPENDIX C)

A recipient may receive its full allocation if either the combined fiscal effort per student or the aggregate of all expenditures of local funds used for providing a free public education for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding year. The MOE for these programs is calculated using data reported on the school district's Trustees' Financial Summary (TFS) (see explanation of calculation in Appendix C).

Title VII, Indian Education has reductions made at the federal level if MOE is not met.

MOE for IDEA Part B: (also see APPENDIX D)

A recipient may receive its allocation if the expenditures for special education and related services in the preceding year were at least equal to the expenditures for special education and related services in the second preceding year.

An applicant may not reduce its level of expenditures of state or state and local funds below the level of those expenditures for the preceding fiscal year except for those conditions provided for under 34 CFR 300.232 and 300.233.

The MOE for members of a special education cooperative is determined for the cooperative as a whole. Expenditures of the member districts and the cooperative itself are combined to calculate MOE.

The MOE for these programs is calculated using data reported on the school district's Trustees' Financial Summary (TFS) (see explanation of calculations and exceptions in Appendix D).

MOE for Carl Perkins Vocational and Technology Education Act of 1998

The Act uses basically the same "maintenance of effort" language as the 1990 Act to ensure that states continue to provide funding for vocational and technical education programs at least at the level of support of the previous year. The Secretary of Education may grant a waiver of up to 5 percent for exceptional or uncontrollable circumstances (such as a natural disaster or a dramatic financial decline) that affect the state's ability to continue funding at the prior year's levels.

MOE for Adult Basic and Literacy Education

The state is required to match, with nonfederal funds, 25 percent of the total amount expended for adult education and literacy activities. The statute retains the typical "supplement, not supplant" provision. However, the maintenance of effort provisions were revised to provide significantly more flexibility than previously existed. Now if the state fails to maintain effort from the prior year, the Secretary of Education is authorized to provide for pro rata reductions in federal funding rather than a total cutoff.

For more information about MOE requirements, contact the OPI program director or accountant.

Matching Requirements

Several of the federal grants administered by the OPI require the sub-grantee to "match" the grant funds using local dollars. When a match is required, the recipient must spend the required amount of state and local dollars in order to be eligible to spend the grant funds. If a sub-grantee does not meet the matching requirements of a particular grant, the OPI must disallow the grant expenditures and may require repayment of grant funds used without providing the necessary match.

MONEY USED FOR MATCHING

Grant regulations specify the type and amount of required match. Depending on the program, the match may include cash outlay and/or in-kind contributions. Generally, matching requirements state the recipient must spend state and/or local dollars to provide the match.

"Cash outlay" is the sub-grantee's cash spending. The cash may have come to the sub-grantee from individuals, public agencies, institutions, private organizations, etc. Although not common, other federal grants may be used as cash outlay to meet matching requirements when authorized by the program's regulations.

"In-kind contributions" are the value of non-cash contributions made by the sub-grantee, individuals, public agencies, institutions, private organizations, etc. They may include charges for real property and equipment and the value of goods and services directly benefiting and specifically identifiable to the grant program. Although not common, property purchased with other federal grants may be used as in-kind contributions to meet matching requirements when authorized by the program's regulations.

ACCOUNTING FOR THE MATCH

A sub-grantee is responsible for demonstrating the appropriate matching funds were spent. To do that, a recipient must record expenditures of the grant AND the matching expenditures in enough detail to track the match.

Usually, the clerk tracks matching funds by using the same expenditure program number to record the expenditure of matching funds as is used for expenditure of the grant funds themselves. For example, charges to the Title I Part B, Subpart 3, Even Start grant are recorded using expenditure program 290, so matching funds spent in the general fund would also be charged to expenditure program 290. See Section 3-0600 of the School Accounting Manual for expenditure program code identifiers.

MATCHING REQUIREMENTS BY PROGRAM

Title I, Part B, Subpart 3, Even Start Recipients must contribute a matching share as the federal share decreases each year of the program as follows:

1st year	10% match required
2nd Year	20% match required
3rd Year	30% match required
4th Year	40% match required
5th - 8th Years	50% match required
9th - 12th Years	65% match required

Adult Basic and Literacy Education (ABLE)
The higher of either the matching (25 percent) or the maintenance of effort requirement is the amount the state as a whole is required to meet during a particular fiscal year. This includes a combination of all nonfederal local and state funds.

Learn and Serve Montana
The Learn and Serve Mini-grants have a 10 percent in-kind match.

Gifted and Talented
Gifted and talented grants require 100 percent or more in cash; in-kind match is not allowed by MCA 20-7-903(3).

ESEA Title I, Part A Comparability

A local education agency (LEA) may receive Title I Part A funds only if it uses state and local funds to provide services in project areas that are at least comparable to the services provided in school attendance areas that are not receiving Title I funds. If the LEA selects all of its school attendance areas as project areas, the LEA must use state and local funds to provide services that are substantially comparable in each project area.

A state education agency (SEA) shall consider an LEA to have met the comparability requirement if the LEA:

1. files with the SEA a written assurance that the district has established and implemented a district wide salary schedule, a policy to ensure equivalence among schools in teachers, administrators and auxiliary personnel, and a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies; and
2. establishes and implements other measures for determining compliance such as student/ instructional staff ratios.

Records: In Montana each LEA files a written assurance that it has established and implemented a district wide salary schedule and policies to ensure equivalence among schools in staffing and in the provision of materials and supplies. The LEA must also keep records to document that the salary schedule and policies were implemented and that equivalence was achieved among schools in staffing, materials and supplies. If the LEA established and implemented any other measures for determining compliance with comparability such as student/instructional staff ratios, it must maintain source documentation to support the calculations and documentation to demonstrate that any needed adjustment to staff assignments was made.

School districts fall into one of the following categories: (Schools with an enrollment of less than 100 are excluded.)

1. Only one school per level in the district.

2. Districts with more than one school per level; all schools eligible for Title I and all schools being served by Title I.

3. Districts with more than one school per level; all schools eligible for Title I, but only part of them being served by Title I.

4. Districts with more than one school per level; some schools eligible for Title I and some not eligible for Title I service.

Districts in category 1 are not required to file comparability reports. Districts in categories 2, 3 and 4 must file a comparability report (see Appendix B for example of Title 1 Comparability Report and instructions). An updated comparability report form with instructions is mailed annually to districts required to file this report.

Carryover Funds

BASIC CARRYOVER PROVISIONS

"Carryover" funds are grant funds which, if not obligated by the end of the project period, remain available to the sub-grantee for one additional project period.

Grant project periods for most of the grants administered by the OPI begin July 1, and end on either June 30 or September 30. For some grants, funds that remain unobligated at the end of the project period are considered for inclusion in the ensuing year's project as carryover. That is, the unobligated funds are in addition to the amount awarded for the following year.

If cash obligated during the prior year's project period is not requested by the time that project's fiscal closeout report is due, it is also included in the calculation of "carryover" for eligible projects. (See "Fiscal Closeout and Final Program Reports" Section 400.) As a result that cash is no longer available to pay the obligations incurred during the prior year's project period. The prior year obligations are considered disallowed, and they must be paid from the sub-grantee's other, nonfederal resources.

The following grants allow carryover:

ESEA Title I, Part A, Improving Basic Programs
ESEA Title I, Part D, Neglected, Delinquent and At-Risk Youth
ESEA Title II, Part A, Teacher and Principal Training and Recruiting
ESEA Title II, Part D, Educational Technology
ESEA Title IV, Part A, Safe and Drug Free Schools
ESEA Title IV, Part B, 21st Century Community Learning Centers
ESEA Title V, Part A, Innovative Programs
ESEA Title V, Part D, Subpart 3, Character Education
ESEA Title VI, Part B, Subpart 2, Rural Low-Income Schools
IDEA B
IDEA Preschool

Costs allowable using carryover funds are subject to the same requirements as all other funding under that particular federal program. A recipient must spend the carryover funds in compliance with the same regulations and terms as other program funds in that year's award.

RESTRICTIONS FOR ESEA TITLES I, II, IV, V and VI

These percentage limitations are applied at the end of the project period based on information submitted on the Fiscal Closeout Report:

- The carryover amount for Title I, Part A, Improving Basic Programs is limited to 15 percent of a district's total allocation for districts that receive an allocation of $50,000 or more. Districts that receive reallocated funds for Title I are not allowed any carryover.

- The carryover amount is limited to 25 percent of a district's total allocation for the current year (without carryover) for the following grants:
  - ESEA Title II, Part A, Teacher and Principal Training and Recruiting
  - ESEA Title II, Part D, Educational Technology
  - ESEA Title IV, Part A, Safe and Drug Free Schools
  - ESEA Title IV, Part B, 21st Century Community Learning Centers
  - ESEA Title V, Part A, Innovative Programs
  - ESEA Title VI, Part B, Subpart 2, Rural Low-Income Schools

  This percentage is set in statute for Title IV, Part A and is established by the OPI as "a prudent and justifiable reserve for operating effectively during the succeeding fiscal year" for Title II, Title IV, Part B, Title V and Title VI.

- A district may submit a written request for a waiver to one or more of the ESEA carryover limitations by June 1. In the case of Title I, a request may be granted only once every three years. Criteria for approval of such requests and detailed directions on submission are available from the OPI program specialists for each program.

RESTRICTIONS FOR IDEA PART B AND PRESCHOOL FUNDS

The IDEA regulations do not limit the amount of carryover for Part B or Preschool entitlement funds. Therefore, any "current-year" funds in an applicant's project which were not expended during the project year will be automatically provided to the applicant in the next school year as carryover funds.

"AUTOMATIC" CARRYOVER

The OPI automatically allows sub-grantees to carryover the funds which are subject to the allowable carryover provisions.

To do this, the OPI verifies final carryover amounts for all programs after receiving final fiscal closeout reports and refunds. The OPI determines final carryover amounts and then amends the sub-grantee's appropriate project budget by adding the final carryover amount (up to any percentage limitation as explained above) into the Operating Expenses category of the budget. If an indirect cost rate was included on the proposed and first-approved budgets, the OPI recalculates the maximum amount allowable for indirect cost recovery on the amended award.

The OPI sends a copy of the amended budget—signed, dated, and approved—to the authorized representative and district clerk. An amended Annual Cash Request Form (see Appendix B) must be submitted to request cash available from carryover.

Nonpublic School Participation

Federal statutes require that public school districts have meaningful and timely consultation with NONPUBLIC schools within their boundaries concerning the availability of the various federal programs in which nonpublic schools may participate, whether individually or in a consortium or cooperative. All districts must offer the opportunity for a free and appropriate public education for students with disabilities residing within their boundaries.

Nonpublic School Participation Notification

Annually, public school districts will consult with all nonpublic schools within their boundaries, informing them of opportunities to participate in federal education programs and designing programs that will benefit the participating public and nonpublic school students.

Process for Nonpublic School Participation Notification

In late March, the OPI provides districts with forms to use for nonpublic school participation notification, lists of nonpublic schools reported in October and program descriptions.

Between March and early May, districts will notify all nonpublic schools within their boundaries of a general meeting to explain the federal programs for which nonpublic students are eligible and invite them to participate. Home school parents may have completed check-off forms requesting that the district not contact them at any time in the future about federal program participation.

Districts should maintain records of schools contacted and the method of notification (some use registered mail). Following distribution of the information and timely and meaningful consultation with nonpublic schools, districts return Nonpublic Participation in Federally Funded Programs to the OPI in May, informing the OPI that they have had meaningful consultation with the nonpublic schools within their boundaries and listing which nonpublic school students will participate in the federal programs with the public school district.

BASIC PROVISIONS

The authorizing statutes for most federal programs administered by the OPI require that the state and sub-grant recipient provide for participation by students enrolled in nonpublic schools. Some programs also allow participation by nonpublic school staff.

Sub-grant recipients sign a "Common Assurances Form" which indicates the intention of the recipient to provide equitable services to eligible nonpublic school students under the various programs. Copies of forms are kept on file at the OPI and must be retained by each sub-grant recipient for audit purposes.

ADMINISTRATIVE RESPONSIBILITY FOR NONPUBLIC SCHOOL PARTICIPATION

Sub-grant recipients must fulfill these general administrative responsibilities: (34 CFR 76.651-662)

1. Provide eligible nonpublic school students a genuine opportunity for equitable participation in accordance with federal laws and regulations for a program;

2. Provide nonpublic school students the opportunity to participate consistent with the number of nonpublic school students and their needs;

3. Maintain administrative control over federal funds and federal property used for students enrolled in nonpublic schools;

4. Checklist for Consultations
General Items—To ensure timely and meaningful consultation, a LEA shall consult with appropriate nonpublic officials during the design and development of the district's programs under this part, on issues such as:

   - ✔ How the children's needs will be identified;
   - ✔ What services will be offered;
   - ✔ How, where, and by whom the services will be provided;
   - ✔ How the services will be assessed (academically assessed in Title I, Part A) and how the results of that assessment will be used to improve those services;
   - ✔ The size and scope of the equitable services to be provided to the eligible nonpublic school children, and the amount of funds available for those services;
   - ✔ How and when the district will make decisions about the delivery of services to such children including a thorough consideration and analysis of the views of the nonpublic school officials on the provision of services through a contract with potential third-party providers; and
   - ✔ How, if the district disagrees with the views of the nonpublic school officials on the provision of services through a contract, the LEA will provide in writing to such nonpublic school officials an analysis of the reasons why the LEA has chosen not to use a contractor.
   - ✔ TIMING—Such consultation shall include meetings of district and nonpublic school officials and shall occur before the LEA makes any decision that affects the opportunities of eligible nonpublic school children to participate in programs under this part. Such meetings shall continue throughout implementation and assessment of services provided under this section.
   - ✔ DISCUSSION—Such consultation shall include a discussion of service delivery mechanisms a LEA can use to provide equitable services to eligible nonpublic school children.

5. Assure that program benefits provided for nonpublic school students are comparable in quality, scope, and opportunity to participate as are benefits provided to students in public schools;

6. Assure that if needs of students in nonpublic schools are different than in public schools, the benefits provided are different;

7. Assure that equitable opportunities are provided for students in nonpublic schools as provided to students with the same needs in public schools;

8. Assure the program funds are not used to finance the existing level of instruction or otherwise benefit the nonpublic school;

9. Assure the same average amount of program funds are spent for benefits to nonpublic and public schools, or that the average cost is different because the needs differ from needs of students in public schools;

10. Keep title and control over equipment purchased for use in a nonpublic school;

11. Place equipment and supplies in a nonpublic school for the time needed for the project;

12. Assure that equipment or supplies placed in a nonpublic school are used only for the project and are removable without remodeling at the end of the project;

13. Remove equipment or supplies from a nonpublic school if they are no longer used for the project or if necessary to avoid use on a different project;

14. Assure that program funds are not used for construction of nonpublic school facilities;

15. Use program funds to pay services of an employee of a nonpublic school if the services are performed outside the regular workday and if the employee performs the services under the control and supervision of the public school; and

16. Report nonpublic school fiscal and evaluation data by program to the OPI as required by various program regulations.

SPECIFIC PROGRAM ELIGIBILITY

ESEA Title I, Part A, Improving Basic Programs: Nonpublic school students with academic needs who reside in Title I attendance areas may receive equitable services to the extent possible with funds generated by low-income nonpublic school students.

ESEA Title II, Part A, Teacher and Principal Training and Recruiting: If there are nonpublic schools within a district boundary, the local district must include the nonpublic school staff in its Title II program if the nonpublic school staff wishes to participate. Local education agencies shall consult with appropriate nonpublic school officials during the design and development of the district Title II program.

ESEA Title II, Part D, Educational Technology: School districts must provide opportunity for nonpublic participants in an equitable manner. Grant recipients must notify nonpublic school participants before grant funds will be released.

ESEA Title III, Part A, English Language Acquisition and Language Enhancement: Students identified as immigrant under the Immigration and Nationality Act and who are enrolled in a nonpublic school may be eligible.

ESEA Title IV, Part A, Safe and Drug-Free Schools and Communities: Students and staff from a nonpublic school may be eligible to receive equitable services. The public school district serves as the fiscal agent for the funds and retains fiscal control over the services provided for the benefit of nonpublic school students and/or staff. Forty percent of the allocation is based on the LEA enrollment, including enrollment in nonpublic schools within the boundaries of the LEA. Sixty percent of the allocation is based on the Title I, Part A amount the LEA received the previous year.

ESEA Title IV, Part B, 21st Century Community Learning Centers: Eligible applicants include public schools, community-based organizations, other public or private entities, or a consortium of two or more of such agencies or entities. Award priority is given to eligible entities that serve a high percentage of students from low-income families.

ESEA Title V, Part A, Innovative Education Programs: School districts will consult with the appropriate officials of nonpublic schools wishing to participate in Title V programs to determine services on an equitable basis for the benefit of the students in those nonpublic schools, whether or not the services desired are the same Title V services the district provides to the public school students. The district retains fiscal and administrative control over all materials and services provided for the benefit of nonpublic school students.

IDEA Part B: Public schools are obligated to establish a service agreement for students with disabilities attending nonpublic schools in accordance with the requirements of 34 CFR 300.450-300.462. This agreement must be established with input from the nonpublic school. For those nonpublic schools who indicate a desire to participate in IDEA services, the public school is obligated to make special education services available consistent with its services agreement, but may limit the services provided to an amount calculated under the provisions of IDEA regulations.

Carl Perkins: Nonpublic schools may participate through a public school: nonpublic schools cannot apply for funds directly.

300 Program Costs

Allowable and Unallowable Costs (OMB Circular A-87)

The Office of Management and Budget (OMB) Circular A-87 provides uniform rules for determining allowable costs of federal grants and contracts with state and local governments. The basic intent of the circular is that federally assisted programs bear their fair share of costs.

ALLOWABLE COSTS

The OMB Circular A-87 provides for uniform standards of allowability, uniform standards of allocation, identity of the full costs to federal programs, assurance that federal programs bear their fair share of costs, and simplification of intergovernmental relations.

To charge to federal programs, costs must be:

a. necessary and reasonable to the performance and administration of the project;
b. allocated equitably to the federal award, including nonfederal activities;
c. authorized or not prohibited by state or local laws or regulations;
d. in accordance with limitations and exclusions in OMB Circular A-87 regarding specific types of costs and amounts;
e. consistently treated as nonfederal costs are treated;
f. charged either as a direct cost or an indirect cost, but not both;
g. recorded and reported in conformance with Generally Accepted Accounting Principles;
h. excluded from costs used to meet matching requirements for another federal award, except where specifically allowed by program regulations;
i. net of applicable credits;
j. approved in advance if subject to prior approval requirements;
k. incurred in accordance with competitive purchasing procedures, if required; and
l. adequately supported by source documentation.

(A copy of the full text of OMB Circular A-87 can be obtained on the internet at http://www.whitehouse.gov/omb/circulars/index.html)

The cost of audits done in accordance with the provisions of the Single Audit Act and OMB Circular A-133 (i.e., federal" audits for entities spending more than $300,000 in federal funds) are allowable as direct or indirect charges to federal grants. Entities not spending $300,000 in federal funds may not charge audit costs directly or indirectly to federal programs. The OMB Circular A-133 audit costs charged directly to federal programs must be based on the allocation plan found in OMB Circular A-87.

UNALLOWABLE COSTS

The following costs are unallowable under most federal programs:

a. Bad Debt Write-offs;
b. Contributions to a Contingency (Emergency) Reserve;
c. Entertainment;
d. Fines and Penalties;

e. Governor's Expenses;
f. Interest on Borrowings;
g. Legislative Expenses (includes any political spending);
h. Excess of Costs Over the Grant Amount; and
i. Termination Pay, except for amounts accrued during the grant year (see below).

In addition, credits, such as purchase discounts and price adjustments must be deducted from total costs.

TERMINATION PAY

Federal grants may not be charged directly for termination pay. As provided in OMB Circular A-87, termination pay is an allowable cost if it is allocated as a general administrative expense to all activities of the governmental unit. The U.S. Department of Education prefers termination pay be paid from non-federal funds and included as part of the indirect cost rate calculation. Accordingly, termination pay may be paid from the general, school food, impact aid, the compensated absences (non-teaching staff only) or other appropriate non-federal fund and be included in the indirect cost rate calculation.

GRANT PERIOD

Costs must be incurred within the award period to be allowable, unless pre-award costs were specifically authorized in writing by the grantor.

DISALLOWANCE OF COSTS

Unallowable costs charged to a grant program may later be disallowed by an auditor or grantor and may be required to be refunded or withheld from future payments to the grantee.

Indirect Cost (IDC) Recoveries

DEFINITION OF INDIRECT COSTS

An **"indirect cost (IDC)"** is a cost incurred for a common or joint purpose benefiting more than one cost objective, but not readily assignable to the specific programs benefited. The IDCs are "pooled" and charged by allocation to various programs.

An **"indirect cost rate"** is a percentage approved for recovery from state and federal programs. The rate for a public school district must be approved annually by the OPI (see Appendix B for an example of approved rate application).

An **"indirect cost recovery"** is an amount allowed to be charged to a federal grant based on application of an approved IDC rate. The IDC recoveries are "drawn" from a grant award as expenditures are incurred. The amount of a grant award is not affected by IDC recoveries, but the amount of the award available for direct costs of the project is smaller if IDCs are drawn from the award.

APPLYING FOR AN INDIRECT COST RATE

Public school districts who want to recover IDCs from federal or state programs administered by the OPI, or any other agency of the state or federal government, must submit a "Certification and Request for Authorized Indirect Cost Rate" application to the OPI School Budgeting and Accounting Division, for approval. An application filed in the spring (usually by March 31) will be the basis

for a rate applicable to awards received in the following school year. An application for an IDC rate must be approved before IDCs can be recovered. Rates will not be approved after June 30 of the year of the award (see Appendix B for an example of Indirect Cost Rate Application).

Sub-grantees which are not public schools should contact the federal agency which awards them the greatest amount of federal funds. That agency is the "Federal Cognizant Agent" and is responsible for ensuring the sub-grantee's overall compliance with indirect cost recovery regulations, including the rate used.

INDIRECT COST RATES FOR GRANT AWARDS TO COOPERATIVES/CONSORTIUMS
The indirect cost (IDC) rate approved for the prime applicant of a consortium may be used by that sub-grantee to claim IDC recoveries when they are allowed.

When an elementary school district and a high school district form a consortium for application for a grant, the district acting as prime applicant for the grant will apply their approved IDC rate when claiming IDC recoveries. For example, if an elementary school district is the prime applicant for the ESEA consolidated application, the elementary district's approved IDC rate is the rate that will be allowed for IDC recoveries from ESEA programs.

Pass-through entities (i.e., sub-grantees who receive the IDEA grant and transfer it to members of their consortium or cooperative) may not claim any IDC recoveries on pass-through funds.

Special education cooperatives are not authorized to claim Indirect Cost recoveries on OPI-administered programs.

SPENDING INDIRECT COST RECOVERIES
Section 20-9-507, MCA, allows Indirect Cost (IDC) recoveries to be spent at the discretion of the trustees. Accordingly, the school district should adopt a policy addressing how they will spend indirect cost recoveries. The IDC recoveries should be used for general administrative expenses and should not be accumulated beyond the end of the fiscal year unless a spending plan has been approved by the trustees.

LIMITS ON THE RECOVERY OF INDIRECT COSTS
Five major limitations affect how much indirect costs may be recovered. These limitations are:

1. APPROVED RATE OR LOWER RATE ALLOWED BY FEDERAL PROGRAM: The rate negotiated with the Office of Public Instruction or federal cognizant agent is the maximum allowable indirect cost for any federal program in which the sub-grantee participates. Federal law or grant conditions may further limit the amount of indirect costs or the indirect cost rate. For example, if the sub-grantee has a restricted rate of 5 percent and the law allows only a 3 percent rate of recovery for that program, then the sub-grantee can only recover indirect costs equal to 3 percent of the direct costs. Some grants may prohibit any recovery of indirect costs.

2. AVAILABILITY OF FUNDS: Recovery of indirect costs on grants is subject to the availability of funds. Most restricted grants are allocated to the state as a block grant in which each sub-grantee is entitled to a maximum grant amount. The total direct costs plus indirect costs cannot exceed the maximum entitlement.

3. DIRECT COSTS INCURRED: Indirect costs are recovered only to the extent of direct costs incurred. The **indirect cost rate is applied to the direct cost amount expended less capital outlay and transfers to other entities,** not to the total grant award.

4. RATES APPROVED AFTER THE GRANT BEGINS: Sub-grantees may apply for rates mid-year; however, rates approved midyear may only be applied to expenditures incurred after rate approval. When applying midyear, sub-grantees must submit expenditure totals to date to the appropriate program accountant (listed on page 100-1) to allow the OPI to monitor IDC recoveries after the rate is approved.

5. PERIOD FOR WHICH RATES ARE APPLICABLE: An indirect cost rate certification approved by the OPI is applied for one year. The rate is valid from July 1 through June 30 of the applicable fiscal year of approval or the term of the grant award. To recover indirect costs, the LEA applies the indirect cost rate in effect for a given fiscal year or the term of the grant award to the direct expenditures less capital outlay during that fiscal year or the term of the grant award.

USING THE INDIRECT COST RATE

Once the proposal has been approved by the Office of Public Instruction or federal cognizant agent, the sub-grantee may elect to:

1. Apply the approved and applicable rate to all eligible state and federal projects;

2. Apply the approved and applicable rate only to specific eligible projects; OR

3. Not apply the rate to any projects.

4. Apply the rate approved or less than the rate approved. If the rate applied is less than the rate approved, it is not necessary to apply the reduced rate uniformly to all projects.

BUDGETING FOR INDIRECT COST RECOVERIES

The following formula determines the amount that may be budgeted for indirect cost recoveries:

Budgeted IDC Recovery	=	Approved Indirect Cost Rate % (1.00 + Indirect Cost Rate %)	X	Total Award less Capital Outlay and Transfers

"Capital outlay" includes payments for equipment and facilities acquisition. The IDC recovery cannot be claimed for capital outlay expenditures. Exclude those expenditures from the award amount in calculating the budgeted IDC recoveries.

CALCULATING AND RECORDING ACTUAL INDIRECT COST RECOVERIES

The IDC recoveries may be taken on actual expenditures incurred, less capital outlay and transfers to other entities.

Example:

If actual total direct expenditures less capital outlay are $10,000 and the IDC rate approved by OPI is 3 percent, a sub-grantee could take "indirects" up to $300. This amount should be "transferred" from the grant to the "Indirect Cost Recovery" project in the Miscellaneous Programs Fund (15)

where it should be spent for administrative and overhead expenses at the discretion of the trustees (20-9-507, MCA).

INDIRECT COST RECOVERIES SUBJECT TO AUDIT

The IDC recoveries are subject to audit during the entity's annual audit. The OPI will also monitor fiscal closeout reports to ensure IDC recoveries were appropriate.

The OPI or any other grantor, including the federal government, may require a recipient to repay IDC recoveries if a recipient draws too much IDC recovery from an award. **Common causes of overdrawn IDC recoveries include:**

1. Using an IDC rate that exceeds the approved rate;
2. Drawing the amount of IDC recovery listed on the project budget instead of applying it to actual expenditures; and
3. Failing to exclude capital outlay and transfers from the actual expenditures used to calculate the amount of IDCs drawn.

PROCUREMENT

Each sub-recipient should have written policies for the procurement of goods and services. The policies must be based on state and federal laws and regulations on procurement. The major requirements in state and federal laws and regulations are summarized here.

SCHOOL PURCHASING LAWS

Schools must follow 20-9-204, MCA regarding bids for all purchases, including purchases using federal and state grant funds. This law requires:

1. Except for district needs that must be met due to an unforeseen emergency as defined in 20-3-322(5), MCA, whenever the estimated cost of any building, furnishing, repairing, or other work for the benefit of the district or purchasing of supplies for the district exceeds the sum of $25,000, the work done or the purchase made must be by contract.

2. Each contract must be let to the lowest responsible bidder after advertisement for bids.

3. The advertisement must be published in the newspaper that will give notice to the largest number of people of the district as determined by the trustees. The advertisement must be made once each week for two consecutive weeks, and the second publication must be made not less than five days or more than 12 days before consideration of bids.

4. A contract not let pursuant to this section is void.

5. Whenever bidding is required, the trustees shall award the contract to the lowest responsible bidder, except that the trustees may reject all bids.

6. Nothing in this section requires the board of trustees to let a contract for any routine and regularly performed maintenance or repair project or service that can be accomplished by district staff whose regular employment with the school district is related to the routine performance of maintenance for the district.

7. School district trustees may not:
   a. Have any "pecuniary interest," either directly or indirectly, in any contract made by the trustee while acting in that official capacity or by the board of trustees of which the trustee is a member; or
   b. be employed in any capacity by the trustee's own school district.

   "Pecuniary interest" does not include holding an interest of 10 percent or less in a corporation;

   "Contract" does not include:
   (i) merchandise sold to the highest bidder at public auctions;
   (ii) investments or deposits in financial institutions that are in the business of loaning or receiving money when the investments or deposits are made on a rotating or ratable basis among financial institutions in the community or when there is only one financial institution in the community; or
   (iii) contracts for professional services, other than salaried services, or for maintenance or repair services or supplies when the services or supplies are not reasonably available from other sources if the interest of any board member and a determination of the lack of availability are entered in the minutes of the board meeting at which the contract is considered.

Section 20-9-205, MCA, prohibits splitting a project or purchase in order to circumvent the bid laws.

WRITTEN CODE OF CONDUCT

All sub-recipients of federal grants must have a written code of standards governing performance of their employees engaged in awards and administration of contracts. The code should:

- Disallow conflicts of interest, real or perceived, from being tolerated.
- Disallow tips or favors from being taken from contractors or potential contractors.

FEDERAL REQUIREMENTS FOR PROCUREMENT POLICIES

Sub-recipient policies for expenditures using federal grants must ensure the entity will:

- Avoid unnecessary purchases and duplications.
- Encourage the most economical purchases (Lease vs. Purchase, etc.).
- Use common goods and services, such as state term contracts, etc., to get the best deals.
- Use federal surplus items in lieu of purchasing additional items.
- Award contracts only to responsible contractors based on such things as organizational integrity, past performance, etc.
- Provide full and open competition, by not: 1) placing unreasonable requirements on firms to qualify to do business; 2) requiring unnecessary bonding or experience from a firm to qualify; 3) allowing noncompetitive pricing between vendors; 4) using retainer contracts; 5) specifying brand names instead of allowing "equal" quality products; or 6) applying any other arbitrary action that unfairly discourages competition.
- Avoid geographical preferences, except those required by state law.
- Identify all qualifying requirements in the request for proposals.
- Include written selection procedures for procurement to ensure clear, accurate description of the technical requirements for a material, product, or service.
- Encourage contracts and awards with minorities.

PROCUREMENT RECORDS

Sub-recipients must maintain procurement records which detail the history of purchasing decisions, including method of procurement and why it was chosen, type of contract used, contractor selection and the basis for it, basis for the contractor's price, etc. (see RECORDS RETENTION in Section 400).

RESOLUTION OF DISPUTES

The grantee and sub-grantee are responsible for resolving contractual disputes. The federal grantor agency will only handle questions of federal law and disputes over protest procedures for failure to review a complaint or process.

PURCHASES AND SERVICES USING FEDERAL FUNDS— TYPE OF PROCESS REQUIRED

A summary of the type of process to use, depending on the organization and the amount of purchase, is shown below:

Goods/Services Under $25,000:

All sub-recipients may take proposals from an adequate number of qualified bidders. Informal purchasing policies may be followed.

Goods/Services Over $25,000:

Sealed bids and formal purchasing procedures, including formal advertising of bid process, are required for all sub-recipients. Preferred method whenever construction is involved, even if not greater than $25,000.

Federal regulations require the formal purchasing procedures to include:

- Formal advertising;
- Sealed bids;
- Public bid opening process, at time and place advertised in invitation for bids; and
- Written awarding of a fixed price contract to the lowest bidder.

REJECTING BIDS

Under state and federal laws, sub-recipients may reject any or all bids. However, the entity should adequately document the reasons for their actions.

NONCOMPETITIVE PROPOSALS

Noncompetitive proposals are only allowed when the purchase or service is less than $25,000 for a school district or $100,000 for an entity other than a school district ; AND sealed bids or competitive proposals are not feasible; AND at least one of the following circumstances applies:

a) Item is available from a single source;

b) An emergency situation will not permit a delay resulting from competitive solicitation;

c) The awarding agency authorizes noncompetitive proposals; or

d) After solicitation of a number of sources, competition is determined inadequate.

400 Accounting and Reporting Procedures

Fiscal Control and Accounting Requirements

OVERVIEW OF FEDERAL ACCOUNTING REQUIREMENTS

The federal government requires the Office of Public Instruction to set fiscal control and accounting procedures for its own funds and those of its sub-grant recipients in accordance with state laws and policies.

These fiscal control and accounting procedures must:

1. Permit preparation of required reports for state and federal officials; and

2. Permit funds to be traced to a level of expenditures adequate to establish that the funds have not been used in violation of restrictions and prohibitions of program statutes.

FEDERAL FINANCIAL MANAGEMENT STANDARDS

Grant and sub-grant recipients must meet the following financial management standards:

1. Provide accurate, current and complete disclosure of federally assisted activities in accordance with financial reporting requirements of the program;

2. Maintain records to adequately identify the source and application of funds for federally assisted programs: award letters, authorization statutes, obligations, unobligated balances, assets, liabilities, expenditures and revenue (see RECORDS RETENTION in this section);

3. Maintain effective control and accountability for all grant and sub-grant cash, real and personal property and other assets. Recipients must adequately safeguard property and ensure it is used solely for authorized purposes;

4. Maintain comparisons of actual expenditures to budgeted expenditures for each grant;

5. Follow applicable federal Office of Management and Budget (OMB) cost principles, the OPI program regulations and the terms of the grant agreements;

6. Support accounting records with source documentation, e.g., cancelled warrants, paid invoices, payrolls, time and attendance records, contracts and award documents, etc.; and

7. Establish reasonable procedures to request funds as close as possible to the time they are needed to make payments for grant activities.

THE OPI REVIEW OF SUBGRANTEE'S FINANCIAL MANAGEMENT SYSTEM

The OPI may review the adequacy of the financial management system of any sub-grant recipient as part of the pre-award process or any time subsequent to the award. The OPI reviews the annual or biennial audit reports of each sub-recipient of federal and state funds to ensure compliance with federal and state audit requirements. Audits are more thoroughly discussed in Section 600 of this manual.

SEPARATE ACCOUNTING OF EACH GRANT PROJECT REQUIRED
Sub-grantees must maintain a separate accounting of revenues and expenditures by project, by fiscal year. This also applies to funds transferred under the provisions of Title VI of the No Child Left Behind Act.

SCHOOL DISTRICTS—DEPOSIT OF GRANT FUNDS FROM THE OPI
Nearly all state and federal grants administered by the OPI and distributed to public school districts are required to be deposited into the Miscellaneous Programs Fund (15) of the Prime Applicant school district. Federal Impact Aid must be deposited into the district's Impact Aid Fund (26).

Fiscal Year Period

"Fiscal Year" means a year used as an accounting period. The state of Montana, including Montana school districts, uses a fiscal year that begins July 1 and ends June 30. The federal fiscal year is October 1 through September 30.

Budgets and Modifications

BUDGETING FOR GOOD MANAGEMENT CONTROL
To ensure good fiscal control, each recipient of federal or state grant funds must establish a "line-item" budget for each project. That means each expenditure account (e.g. instructional salaries, instructional supplies, rent and contracted services) must be allocated an estimate of the amount of the grant to be spent for that purpose. Planned indirect cost recoveries, equipment purchases, or transfers to other districts must also be budgeted. Federal regulations require a recipient to maintain its accounting records in a manner that allows for comparison of actual expenditures to budgeted amounts for each grant.

However, recipients of the OPI sub-grants are not required to submit detailed line-item budgets to the OPI for approval. The program budget submitted to the OPI is a categorical summary of the recipient's line-item budget for each project.

An example of a project budget is shown in Appendix B.

BUDGET CHANGES THAT <u>DO NOT</u> REQUIRE THE OPI APPROVAL
Recipients may re-budget between line items within an approved budget to meet unanticipated requirements without the OPI approval.

BUDGET CHANGES THAT <u>DO</u> REQUIRE THE OPI APPROVAL
Certain types of post-award changes in budgets and projects require the prior written approval of the OPI. They include:

<u>Budget Changes:</u>

1. Additional purchases of equipment items costing $5,000 or more per unit; or

2. A revision in the budget which results in a change in the overall funding.

Programmatic Changes:

1. A change in the program scope and objectives, regardless of whether there is an associated budget revision; or

2. A request to extend the project period from June 30 to September 30.

BUDGET AND PROGRAM MODIFICATION REQUEST FORM REQUIRED
The OPI form titled "Annual Budget and Program Modification Request for State and Federal Programs" must be used to request a budget amendment (see example in Appendix B).

OBTAINING WRITTEN APPROVAL BEFORE INCURRING OBLIGATIONS
Budget modifications which require approval must be submitted to the OPI and approved before making obligations or expenditures.

Project Extensions

DEADLINES FOR PROJECT EXTENSIONS
With the OPI approval, districts/cooperatives may extend the project year for a grant from June 30 to September 30. **Requests for an extension must be submitted in writing to the OPI no later than June 1.**

- Extensions are not needed for ESEA Titles I-A, II-A, II-D, IV-A, IV-B, V and VI.
- Extensions are not allowed for Carl Perkins projects.

IDEA Part B and Preschool Entitlement Grants: Extensions will not be allowed unless there are extraordinary circumstances which result in the applicant needing additional time in order to expend all of its carryover funds.

When requesting an extension to its grant, the applicant must:

a. submit a written request to the OPI no later than June 1;
b. submit an up-to-date expenditure report for its grant funds; and
c. a detailed report of the expenditures it plans to make with the grant funds during the requested extension.

Effective July 1, 2000, an extension will not be granted to an applicant of IDEA funds if the applicant had an approved extension (of any project beginning with FY00) and the applicant did not expend all of its carryover funds. Such denials will remain in effect for three fiscal years.

EFFECT OF A PROJECT EXTENSION
If an extension is approved, the funding must be obligated by September 30 and all obligations liquidated by October 31.

HOW TO REQUEST AN EXTENSION
To request an extension, submit the OPI form titled Annual Budget and Program Modification Request for State and Federal Programs (see Appendix B).

PROJECT NUMBER FOR AN EXTENDED PROJECT

Approved extensions will be treated as an amendment to the district's/cooperative's project budget. The exact same project number will be used to track expenditures incurred during the extension period. That is,

Ex: If the original project number was: 56-0965-77-03-XXXXX

The project number after an extension to September 30 is approved is still: 56-0965-77-03-XXXXX

Obligations and Expenditures

"Obligations" are orders placed, contracts awarded and goods and services received but not paid for during the project period. Obligations must be liquidated (i.e., paid for) within 30 days following the end of the project period. School districts and cooperatives/consortia are required by law to record and report transactions in accordance with the Montana School Accounting Manual.

EARLIEST DATE TO OBLIGATE FUNDS

No funds may be obligated or expended before July 1 or before the OPI's approval of the award, if the approval date is after July 1. The OPI may, on occasion, approve pre-award costs in accordance with federal cost principles.

DEADLINE FOR OBLIGATIONS

Depending on the source of funds, the project period for the OPI-administered programs is usually July 1 through June 30, or July 1 through September 30. This means that for projects ending June 30, program funds must be spent or "obligated" by June 30. For projects ending or extended to September 30, program funds must be spent or "obligated" by September 30.

Time and Effort Records

BASIC TIME/EFFORT REQUIREMENTS

Sub-grantees must maintain records which document the relationship between payroll costs charged to a grant award and the time actually spent by an employee in carrying out the objectives of that program. This applies to both state and federal programs. When an employee works on more than one project, whether that is a combination of federal and non-federal programs or multiple federal programs, the sub-grantee must support the salaries, wages and benefits charged to each program with appropriate time distribution records. This is called **"tracking time and effort."** The method used by a recipient to track time and effort must result in an equitable, after-the-fact distribution of the actual activity of each employee. (See sample time and effort form in Appendix B)

Payroll costs charged to federal grant programs may not be paid on estimated allocations, but must be based on payrolls documented and paid in accordance with school accounting policies and state and federal laws and regulations. Charges must be approved by appropriate officials.

The OPI recommends the School Trustees adopt and distribute a personnel policy dealing with time and effort reporting similar to the one used by the OPI.

OPI's policy reads as follows:

TIME SPENT ON FEDERAL GRANT ACTIVITIES

"Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, sets forth Federal policies on documenting time spent on Federal grant activities. OPI employees who work on multiple activities (i.e., more than one federal award, an indirect and a direct activity, a federal award and a non-federal activity), are affected by these policies.

Staff that are paid from multiple funding sources must report their hours worked according to the activities actually performed during a given pay period, and not according to how their salary is budgeted. Circular A-87 says compensation for personnel services is an allowable cost of federal programs only if our time sheets reflect an "after-the-fact" distribution of the "actual activity" of each employee. Accordingly, OPI staff are required to complete their timesheet by reporting hours worked ***ACCORDING TO THE ACTIVITIES ACTUALLY PERFORMED*** *during that pay period, and charging the appropriate budget code [funding source]. For audit purposes, employees charging time to a Federal grant are expected to have reasonable, creditable evidence to support the charges (i.e., daily calendar, job description, work products, travel schedules, etc.).*

Paid leave time and hours worked that can't be reasonably identified to a specific budget code, for example time spent attending an all staff meeting, will initially be allocated according to how an employee's salary is currently budgeted. If necessary, those charges will be adjusted between budget codes later in the year to correspond with actual hours worked."

DOCUMENTING TIME AND EFFORT

The OMB Circular A-87 lists the following requirements for salary and wage documentation:

1. No documentation beyond normal payroll record keeping procedures is required for employees whose salaries are charged to a single cost activity.

2. Where employees work solely on a single federal award or a single cost objective, charges for their salaries may be documented by a periodic certification that the employee worked solely on that particular program for the period covered by the certification. The certification must be done at least semi-annually, signed by the employee or supervisory official having first-hand knowledge of work performed by the individual.

3. Where employees work on multiple activities or cost objectives, the charges to federal programs must be supported by personnel activity reports (see criteria below). This documentation is required whenever employees work on:
   - more than one federal award;
   - a federal award and a non-federal award;
   - an indirect cost activity and a federal award;
   - two or more indirect cost activities that use different allocation methods; or
   - an unallowable activity and a federal award or an indirect cost activity.

Personnel activity reports must:

a. Show charges to federal projects were made based on actual time spent working on the activities;
b. Account for total time of each employee;
c. Be prepared at least monthly and coincide with one or more pay periods;
d. Be signed by the employee; and
d. Not be based on budget estimates of the employee's time, but may be estimated in the interim if revised at least quarterly to reflect actual time and effort.

TIME AND EFFORT CONSIDERATIONS FOR SCHOOLWIDE PROGRAMS

When the district has a school that qualifies for a schoolwide program, and the district has approved the schoolwide plan for that program, Federal regulations and OPI policy allow costs of that school's programs to be charged to the general fund, to other non-grant funding sources, or to the school's grant allocations without regard to a particular grant's purpose. [NOTE: The district and school are still required to demonstrate certain progress and show certain results in accordance with grant regulations.] For time and effort reporting purposes, staff working in a school that has a schoolwide program is considered to be working on one, rather than multiple, activities. Hourly employees only need to report hours worked and leave taken, without associating hours worked with a particular grant(s) and non-grant activities. Payroll for the school can be paid from any combination of grants and non-grant sources at the district's discretion.

For practical purposes, the district may want to apply the same time and effort reporting requirements to all employees, rather than applying a less rigorous system to schoolwide programs. That is, the district can choose to apply the flexibility afforded to schoolwide programs at the payment, rather than reporting, level. Consistent reporting of staff time may help avoid confusion, especially for employees that later move to another school or routinely work at more than one school.

TIME AND EFFORT AUDITS

Time and effort records must be retained for audit purposes.

Cash Advance Requests

A "Cash Advance Request" form is submitted to the OPI by a sub-grantee to request federal or state program funds in advance of related disbursements. Separate cash requests must be submitted for each program (see Appendix B for an example of this form).

DUE DATE FOR CASH ADVANCE REQUESTS

The Cash Advance Request form provides the OPI with a sub-grantee's estimated cash needs for all the months of the project period. The form must be submitted to the OPI by the 25th of the month prior to a sub-grantee's first disbursement. Cash requested by the 25th of the prior month will be sent by the 10th of the month following. For example, cash requested for the month of August, if the request is received by July 25th, will be sent on August 10th.

DISTRIBUTION SCHEDULES

Distribution of federal program funds is dependent on factors such as:

Timely submission of acceptable applications;

The OPI's approval of the proposed project;
Federal program authorizations and notifications to the OPI of the state's allocations; and
The recipient's status on reports of previous projects.

PROCESS FOR REQUESTING A CASH ADVANCE

The "prime applicant" for a grant files the "Cash Advance Request" form with the OPI. The prime applicant is the fiscal agent for a project.

For individual projects, the prime applicant is the district itself.

For combined high school/elementary projects or consortium projects, the prime applicant is the fiscal host. This district will receive, spend, account for and report on cash advanced for the project.

The prime applicant estimates the timing and amount of cash needed to support the project for the entire project period, then enters this information by month on the cash request form.

A separate form must be completed, signed and sent to the OPI for each approved project. Both the district clerk/business official and the authorized representative must sign the form.

The total cash requested for a project may be less, but not more, than the approved budget for the project. Cash on hand must be minimized. Cash on hand for the OPI administered grants should not exceed the amount needed to pay the next month's costs. Excessive cash on hand should be returned to the OPI.

The amount requested for a particular month must be the estimated minimum amount needed in that month for actual, immediate cash required to carry out the purpose of the approved project. The amount requested may vary from month to month; cash may be needed in some months and not others; and a small grant might be expended entirely within one or two months of the year. The OPI accounting staff may request an explanation from sub-grantees who request a large cash advance in any one month.

Sub-grantees are encouraged to request cash on a timely basis. The last date for requesting cash for a given project is August 10 for projects ending June 30 and November 10 for projects ending September 30 (e.g., the date a project's Fiscal Closeout Report is due).

Payment of the amount requested for each month will be made on the 10th day of that month. The "Cash Advance Request" form can be sent in at any time during the project period, but it must reach the OPI no later than the 25th of the month PRECEDING the month a cash advance is needed.

Title I projects will continue to receive an automatic first payment, usually in August, that is approximately one-ninth of budgeted personnel costs plus a reasonable amount for budgeted operating expenses. This automatic first payment must be taken into account when completing the cash request form for the remaining months of a Title I project.

AMENDED CASH REQUESTS

The payment schedule on file with the OPI should be amended during the year as necessary to:

Manage a project's cash balance; and

Request cash related to an approved budget amendment. For example, if carryover funds or supplemental appropriations by Congress are added to a project budget after the initial Cash Advance Request form is submitted, an amended form must be submitted to request an advance of these additional funds.

Each month, the clerk/business official and the authorized representative should review the cash status for a grant project. Make sure that neither a significant cash shortfall nor excessive cash-on-hand is accumulating, and that the most recent cash request form filed with the OPI is still an accurate projection of cash needs for the remainder of the project period.

Amendments to the schedule are requested by submitting another "Cash Advance Request" form with the "Amended Request" box checked. An amended request must be approved and signed by both the clerk/business official and the authorized representative.

CASH DISBURSEMENT REPORTS—WHEN REQUIRED

Sub-grantees will submit "Cash Disbursement Reports" and supporting documentation only if specifically requested by the OPI. Supporting documentation, such as invoices, trip reports, etc., may also be requested.

The OPI may request submission of cash disbursement reports and supporting documentation to:

a. Verify the recipient's implementation of a corrective action plan on audit report findings; or
b. Monitor the district's federal program expenditures in detail after the entity has been designated "High Risk" (see Section 600, Audit Requirements and the Office of Public Instruction Monitoring); or
c. Ensure that project funds were obligated within the authorized project period.

School Districts Limited in Spending Cash Balances

The fund used by school districts and cooperatives/consortiums for state and federal grant project accounting is the Miscellaneous Programs Fund (15). This fund is a "non-budgeted" fund. Section 20-9-210, MCA, limits expenditures in a non-budgeted fund to the combined cash balance of all projects in the fund. Administrative Rule 10.10.207 allows the cash balance plus valid receivables to be spent. It states, "Cash available shall include cash on hand and receivables to be collected within thirty (30) days." Schools districts may consider the amount submitted to the OPI on valid claims or cash advance requests to be receivables subject to expenditure under ARM 10.10.207. To avoid confusion, the clerk should notify the county treasurer of the anticipated date of receipt of amounts receivable.

OVERDRAFT OF GRANT AWARD AMOUNT

Any expenditures which exceed the grant award amount are not chargeable to the federal program. A recipient must use other available funds of the entity to pay for the over-expenditure. For example, if the grant award is $1,000 and the recipient spends $1,010, the extra $10 must come from the entity's "own pocket" because it will not be reimbursed by the grant program.

Sub-grantees that over expend a grant award will incur a cash overdraft in the project. The trustees must reimburse the overdraft with general fund money and record the expenditure as an expenditure against the general fund budget. If the grant award is exhausted before the program is finished, the trustees may elect to subsidize the project by charging expenditures directly to the general fund or other legally available funds.

Program Income and Interest on Federal Funds

"Program income" is income generated by an activity supported with federal funds during the grant period. For example, it would include:

1. Fees for services performed;

2. Fees for use of, or rental of, property acquired with grant funds; and

3. Proceeds from the sale of commodities or items fabricated under a grant agreement.

Federal funds sub-granted by the OPI are generally not used to generate program income.

Sometimes federal projects allow funds to start stores or similar projects that generate a profit or return the start-up money. For the OPI administered projects, those kinds of profits should be considered program income and must be used in the current grant period in accordance with regulations of the grant that generated the profits.

USE OF PROGRAM INCOME

If program income does result from the use of federal funds administered by the OPI, the income must be used during the current grant period in accordance with regulations of the grant which generated it.

PROCEEDS FROM SALE OF PROPERTY

Proceeds from the sale of property or equipment purchased using federal funds are not considered program income (see Section 500, Property Management).

INTEREST EARNED ON GRANT AWARD FUNDS

Federal and state grant funds may be invested and earn interest. However, federal cash management regulations require that the time lapsed between the receipt of federal grant cash and the time it is spent must be minimized. Federal cash on hand should be limited at any given time and the interest earned on the cash should not be considered a major source of income.

Each sub-grantee may retain up to $250 of interest earned on federal grant funds in a given fiscal year for administrative expenses. The limit applies to all federal programs **combined**. For public school districts, this includes interest earned on any building-related grants in Fund 60 and all federal grants in Fund 15. This limitation does not apply to the Federal Impact Aid entitlement.

Sub-grantees may retain all the interest earned on state grant funds.

Interest earned in excess of $250 must be refunded to the federal government at the following address:

FINANCIAL IMPROVEMENT AND RECEIVABLE GROUP
U.S. DEPARTMENT OF EDUCATION
600 INDEPENDENCE AVENUE, SW
FOB 10 ROOM 3400
WASHINGTON DC 20202-4330

ACCOUNTING FOR RETENTION OF $250 OF INTEREST EARNED

Sub-grantees will account for interest earned, interest retained and interest refunded in the following manner:

1. Sub-grantee requests and receives federal funds. The funds are recorded as grant revenue;

2. Funds are invested consistent with normal sub-grantee investment procedures;

3. The interest earned on investment will be tracked in sufficient detail to allow audit of the interest earned and refunded.

   Public School Districts may:

   a. First allocate any earnings on specific investments to the project used for the investment;
   b. Deposit any and all interest revenue earned on grants in the Miscellaneous Programs Fund 15 directly into the "Indirect Cost Recovery" project in the Miscellaneous Programs Fund until the amount exceeds $250 for all federal projects in all funds for a fiscal year. Any subsequent interest earned must be allocated in proportion to the grants that generated it, using either the proportion of average cash balance by project for the month or ending cash balance by project for the month.

4. Interest allocated to projects must be recorded as interest revenue in the project account.

5. The excess interest must be refunded to the federal government.

Records Retention

HOW LONG TO RETAIN GRANT RECORDS

Federal regulations require recipients to retain records for a period of three years after the day the fiscal closeout report for a project has been submitted.

If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.

HOW LONG TO RETAIN STUDENT RECORDS

State records retention laws require student records to be kept permanently and personnel employment files to be retained for 10 years after termination (20-1-212, MCA).

GRANT FILES REQUIRED

The recipient's business office should keep a grant file for each separate project containing the following documents for audit purposes:

1. Grant application
2. Approved budgets
3. Award document
4. Record of cash requests (copies of cash request forms)
5. Record of cash receipts
6. Cash disbursements
7. Matching expenditures
8. Important correspondence
9. Final reporting and closeout documents

More detailed procedures for accounting and tracking grants, including examples of forms and worksheets for tracking grant fiscal activity, can be found in the Montana School Accounting Manual, Section 9-0400.34 and Appendix B of this manual. School districts and cooperatives/consortia are required by law to record and report transactions in accordance with the Montana School Accounting Manual.

RECORDS RETENTION SCHEDULE FOR SCHOOLS

For more information on general records retention, contact the Department of Administration, Local Government Services Bureau, at (406)841-2909, or download the schedule from http://www.opi.state.mt.us under "Programs and Services at OPI," "School Finance."

Fiscal Closeout and Final Program Reports

SEPARATE FISCAL CLOSEOUT REPORT AND FINAL PROGRAM REPORT DUE BY PROJECT

A separate Fiscal Closeout Report and Final Program Report are required for each state and federal grant administered by the OPI (see examples of these forms in Appendix B).

DUE DATES FOR FISCAL CLOSEOUT REPORT AND FINAL PROGRAM REPORT

The Fiscal Closeout Report and Final Program Report are due to the OPI at the same time. The due date depends on whether an extension of the project year has been approved. Sub-grantees are encouraged to submit their fiscal closeout and final program reports to the OPI as soon as all obligations are paid. The forms and directions for the Final Program Report are provided by the OPI.

If the project year ends June 30. Obligations existing at June 30 must be liquidated within 30 days following the end of the project year (i.e., by July 31). Submit the fiscal closeout report and final program report for a July-June project to the OPI **no later than August 10**.

If the project year ends September 30. Obligations existing at September 30 must be liquidated within 30 days following the end of the project year (i.e., by October 31). Submit the fiscal closeout report and final program report for a July-September project to the OPI **no later than November 10.**

UNEXPENDED CASH/REIMBURSEMENTS DUE

Unexpended cash held by a sub-grantee at the end of the project, if greater than $10, must be returned to the OPI with the Fiscal Closeout Report (see "Unspent Funds and Refunds" below). Reimbursements due from the OPI to a sub-grantee will be sent upon receipt of the sub-grantee's Fiscal Closeout Report and Final Program Report, provided the reports are received on or before the date they are due. Reimbursements requested on a late Fiscal Closeout Report (i.e., reports received by the OPI after August 10 for projects ended June 30 and after November 10 for projects ended September 30) **will not be paid**. (See "Carryover Funds" Section 200.)

WHO TO CONTACT FOR ASSISTANCE

Questions regarding the fiscal closeout of the OPI-administered grants should be directed to the OPI program accountant for that program listed in Section 100 of this handbook. Questions regarding the final program report should be directed to the program specialist listed in Section 100.

Unspent Grant Funds and Refunds

At the close of the grant period, any unobligated project funds, including funds which are eligible for carryover to the next year's project, must be returned to the grantor.

The sub-grantee must refund any cash balance on hand for the project to the OPI, EXCLUDING interest earnings and program income.

> **Exception—If the cash balance on hand is less than $10, the recipient is NOT REQUIRED to send a refund to the OPI.** (School districts may move balances of less than $10 to the "Indirect Cost Recovery" project in the Miscellaneous Programs fund in the same manner as indirect cost recoveries are taken.)

500 Property Management

Equipment and Supplies

"Equipment" means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 (see "LEASES" on the next page) or more per unit. A grantee may use its own definition of equipment if such definition would include at least all equipment defined above.

School districts must capitalize "equipment," which means a district must record the equipment on its fixed asset records and include the cost on its financial statements in the Fixed Asset Account Group. Equipment purchases are recorded using a 7XX expenditure object code.

Property which does not meet the definition of equipment is considered a supply item. Supply purchases are recorded using a 6XX expenditure object code.

USE OF FEDERALLY PURCHASED PROPERTY

Sub-grantees may not use equipment purchased with federal funds to earn income in a way that poses unfair competition to private companies.

MANAGEMENT REQUIREMENTS

At a minimum, sub-grantees must meet these requirements for managing equipment purchased in whole OR IN PART with federal funds:

1. Maintain property records that include
   a. Description of property,
   b. Serial number or other identifying number,
   c. Source of funds used to purchase the item,
   d. Who holds title,
   e. Date of acquisition,
   f. Cost,
   g. Percentage of cost paid using federal funds,
   h. Location,
   i. Use and condition of property, and
   j. Disposition data, including date of disposal and sale price;

2. Take a physical inventory and reconcile the counts with the records at least every two years;

3. Maintain a control system which safeguards against theft, loss, or damage of property. Investigate any loss, theft, or damage;

4. Maintain the property in good condition; and

5. If authorized to sell the property, get the highest return possible.

PREAPPROVAL REQUIRED FOR PURCHASE OF EQUIPMENT

Recipients of federal awards must obtain pre-approval from OPI to purchase equipment using program funds. To request pre-approval, either: 1) list the equipment items on the project budget form when applying for the grant; or 2) submit an Annual Budget and Program Modification Request for State and Federal Programs form. The OPI's approval must be received in writing before equipment items may be purchased using federal funds.

LEASES

Lease-purchase agreements for equipment must also be pre-approved in each project year in which federal award funds will be used to pay installments on the lease.

TITLE TO EQUIPMENT PURCHASED WITH FEDERAL FUNDS

Generally, when a recipient purchases equipment using federal funds, title to the property vests with that entity. The Migrant Education Program, however, retains title to any equipment purchased with federal funds. The OPI may relocate property purchased by one recipient to a migrant program administered by another recipient if they determine the equipment is needed elsewhere.

WHAT TO DO WITH EQUIPMENT AFTER THE GRANT

Equipment must be used by the sub-grantee for the program or project for which it was intended, as long as it is needed, even if the project is no longer federally funded. When no longer needed for that program, equipment can be used for any other federal program activities.

The sub-grantee should also make the equipment available for use on other projects, as long as that use does not interfere with use of the equipment by the program for which it was purchased. User fees may be charged when equipment is used by other projects. User fees are considered "program income." Specific guidance concerning Title I, Part A, is available by request from the OPI Title I specialists in this area.

DISPOSAL OF PROPERTY

When original or replacement equipment purchased with federal funds under a grant or sub-grant administered by the OPI is no longer needed for the original project or for any project currently or previously supported with federal funds, equipment may be retained, sold, or otherwise disposed of with no further obligation to the federal government. Inventory records must be amended to reflect the disposal.

Items of equipment purchased with federal funds under programs NOT administered by the OPI are subject to provisions of those grantor agencies. Contact the grantor for further information.

SCHOOL DISTRICTS SUBJECT TO STATE LAW ON DISPOSAL OF PROPERTY

School districts must also advertise the intent to sell or otherwise dispose of property in accordance with Section 20-6-603, MCA, before disposing of property, including property purchased with federal funds.

USING ITEMS AS "TRADE-IN"

When buying replacement equipment, the equipment purchased with federal funds may be used as a trade-in, or equipment may be sold and the proceeds used to offset the cost of replacement property.

600 Audit Requirements and OPI Monitoring

AUDIT COSTS

Audit costs are paid by the entity being audited. The cost of an audit required by the federal "Single Audit Act" may be charged as a direct or indirect cost to federal programs if the entity spent at least $300,000 of federal assistance, including USDA commodities, during the year being audited. If the entity did not spend at least $300,000 in federal assistance for a year, the audit costs cannot be charged directly or indirectly to federal programs.

ACCESS TO RECORDS

The awarding federal agency and the OPI as the sub-grantor, or an authorized representative of either the federal agency or the OPI, shall have access to any documents and records of a sub-grantee which are pertinent to the grant as necessary for audit, examination and review.

STATE AUDIT REQUIREMENTS

Recipients of state and federal funds are responsible for complying with audit regulations.

Montana school districts and related cooperatives are required by state law to be audited for each year the combined revenues of all funds of the entity total $200,000 or more. Audits must be performed at least every two years; however, annual audits are encouraged. Districts and cooperatives which do not receive $200,000 of total revenues per year must have an auditor perform a financial review at least once every four years, based on a schedule prepared by the OPI (2-7-503, MCA).

School-related cooperatives and consortiums which have a school district host (or "prime applicant") must be audited along with the district which provides administrative services to the cooperative. Cooperatives and consortiums which do not use a school district as a host are responsible for contracting for their own audit to ensure compliance with state and federal audit laws and regulations.

FEDERAL AUDIT REQUIREMENTS

Federal audit regulations (OMB Circular A-133) state:

1. The grantor or sub-grantor (e.g., OPI) must monitor sub-grantees to ensure they comply with federal audit requirements;

2. State or local governments (including school districts) or nonprofit entities which spend more than $300,000 of federal funds in a fiscal year must have an audit performed;

3. The audit must be done by an independent auditor in accordance with generally accepted auditing standards covering financial compliance audits;

4. The sub-grantor (OPI) must review the audit report and the recipient's responses to any audit findings listed in the report. The sub-grantor must follow up to ensure: a) the recipient resolves the audit findings; and b) any corrective action promised in the entity's response to the audit finding is implemented.

AUDIT DEADLINES

School districts and related cooperatives (including consortia) must follow state audit requirements in Section 2-7-503, MCA:

- Nonfederal audits (i.e., not subject to OMB Circular A-133 guidelines) must commence no later than nine months after the close of the fiscal year, which means audits must be started by April 1. The audit report must be completed and submitted to the OPI within one year of the close of the year, or by the following June 30. The entity's written response to the audit findings, including necessary corrective action plans, should be submitted within the audit report. If the response is not included in the report, it must be submitted to the Department of Administration and the OPI within 30 days after the audit report was issued (ARM 8.94.4109).

- Federal audits (i.e., subject to OMB Circular A-133 requirements) must be completed and submitted to the OPI within nine months of the close of the fiscal year, or by March 31. Annual audits are required unless two-year audits have been approved by the Department of Administration. The entity's written response to the audit findings, including necessary corrective action plans, should be submitted within the audit report. If the response is not included in the report, it must be submitted to the Department of Administration and the OPI within 30 days after the audit report was issued (ARM 8.94.4109).

Waiver of Deadline for Federal (A-133) Audits: If the March 31 deadline cannot be met, the school district or cooperative must request an extension from the U.S. Department of Education. The request should:

1. be on letterhead stationery;
2. include a brief explanation why the March 31 due date cannot be met; and
3. request an extension to a specific date on which the audit will be submitted.

The request may be mailed, faxed or emailed to:

Pat Dever
U.S. Department of Education
FB-6 Room 4W215
400 Maryland Ave SW
Washington DC 20202-4245
Email address: pat_dever@ed.gov

Please send a copy of the request for an extension and copy of the waiver to the OPI Budget and Accounting Division and the Department of Administration.

Nonpublic entities which receive federal money from the OPI are subject to federal audit requirements in OMB Circular A-133 if the entity spends more than $300,000 of federal assistance during the year. If the entity does not spend over that amount, the entity is not subject to audit requirements unless specified by other sub-grantors.

Federal audits (i.e., subject to OMB Circular A-133 requirements) must be completed and submitted to the OPI within nine months of the close of the entity's fiscal year. The entity's written response to the audit findings, including necessary corrective action plans, should be submitted within the audit report. If the response is not included in the report, it must be submitted to the OPI within 30 days after the audit report was issued.

FAILURE TO RESOLVE AUDIT FINDINGS

Recipients of federal and state moneys are responsible for correcting problems discovered during the audit process. Correction of audit findings is a very important step in the audit process. Timely and appropriate corrective action ensures continued eligibility for funding under state and federal programs.

The school district or consortium/cooperative must submit to the OPI a written response to audit findings within 30 days after receiving the audit report. The response must list a corrective action plan addressing each audit finding or questioned cost listed in the report. If the response is not clear, the OPI may request additional information or additional corrective action plans from the district or consortium/cooperative.

The OPI will notify the Department of Administration if the response is acceptable. If the response is not acceptable, the OPI will state the reason(s) and what action is needed by the auditee in order to make the response or corrective action plan acceptable. The Department of Administration will notify the school district or cooperative/consortium that the response is accepted or that additional action is required. After receiving a notice stating the response or corrective action plan is not acceptable, the audited entity must resubmit an acceptable response or corrective action plan to the Department of Administration and the OPI within 30 days.

Within that 30 days, if the auditee feels the action, response, or corrective action required by the OPI is not in accordance with state or federal laws or regulations, the auditee may submit a written request for hearing (see Section 200 in this manual).

After 30 days, if the auditee did not request a hearing and the response is still not sufficient, the Department of Administration may order state agencies to withhold state funding from the auditee pending receipt of an acceptable response or corrective action plan. Money withheld will be released upon written order of the Department of Administration after the acceptable response is received (ARM 8.94.4109).

FAILURE TO SUBMIT AUDITS

Compliance with federal and state laws, regulations, and audit requirements is the responsibility of the sub-grantee. School districts and other nonpublic sub-grantees, including cooperatives, of the OPI-administered programs must comply with federal OMB Circular A-133 or state audit requirements that apply to them.

In cases of continued inability or unwillingness to have an audit in compliance with A-133 or to resolve audit findings, the OPI will take appropriate actions such as: (A-133 §__.229)

a. Withholding some or all of the federal awards until the audit is completed satisfactorily;
b. Suspending cash disbursements for federal awards until the audit is conducted; and/or
c. Terminating the federal award(s).

In cases of continued inability or unwillingness to have an audit in compliance with state law or to resolve audit findings, the OPI will take appropriate action such as:

a. Withholding some or all of the federal awards until the audit is completed satisfactorily;
b. Suspending cash disbursements for federal awards until the audit is conducted;
c. Terminating the federal award(s);
d. Notifying the Board of Public Education of the school district's or cooperative's failure to

comply with audit requirements;

e. Requesting the Board of Public Education to require the entity's management to appear before the Board to discuss the noncompliance and planned corrective action; and/or

f. Requesting the Board of Public Education to order withholding of the district's state funding received from the OPI until the audit report is completed satisfactorily.

Office of Public Instruction Monitoring Procedures

The OPI is a "pass-through entity," meaning the OPI provides federal awards to sub-grantees to carry out federal programs. As a pass-through entity, federal regulations require the OPI to monitor sub-grant-supported activities.

Monitoring procedures are performed to ensure that: .

1. Federal awards are used for authorized purposes in compliance with laws, regulations and provisions of grant agreements; and

2. Performance goals are being achieved.

The monitoring procedures performed by the Office of Public Instruction will take into consideration the cost-effectiveness of a particular procedure, compared to the relative size and complexity of the federal award(s) administered by a sub-grantee.

Routine Monitoring Procedures

The routine monitoring procedures performed by the OPI for all sub-grantees include a review of:

1. Final Program Reports—Unless waived by the OPI, an annual program report is required for each federal and state grant award a sub-grantee receives. The OPI will provide appropriate forms to programs requiring reports.

2. Fiscal Closeout Reports—An annual fiscal closeout report is always required for each state and federal award a sub-grantee receives. The OPI will provide a Fiscal Closeout Report form for this purpose. This report provides information to allow:
   a. A comparison of actual expenditures to approved budgets for direct costs, indirect costs and equipment.
   b. A reconciliation of cash advances/reimbursements to expenditures/refunds.

3. Sub-grantee Audit/Review Reports—Section 2-7-503, MCA, requires a sub-grantee must send one copy of its audit/review report to the OPI (see "AUDIT DEADLINES" earlier in this section).

In addition to the above monitoring procedures, the OPI implements monitoring procedures in accordance with federal and state plan requirements. These requirements may differ across federal programs.

"Risk" Categories for Sub-grantees

The OPI routinely monitors sub-grantees to identify those at risk of noncompliance with federal laws, regulations and grant award provisions.

A sub-grantee is considered to be a "low risk" for noncompliance if the sub-grantee:

1. Receives an unqualified audit opinion, or a qualified opinion without scope limitation;

2. Has no material weaknesses in internal controls;

3. Has had no instances of noncompliance with federal laws, regulations and grant agreements;

4. Has had no material questioned costs; and

5. Has conformed to the terms and conditions of previous awards, including timely submission of required fiscal and program reports.

"Low-risk" sub-grantees are required to submit to the OPI the Fiscal Closeout Report, the Final Program Report, unless waived by the OPI, and an audit/review report.

A sub-grantee is considered to be "high risk" if the sub-grantee:

1. Has a history of unsatisfactory performance;

2. Is not financially stable;

3. Has a management system which does not meet the management standards set forth by the federal government; or

4. Has not conformed to terms and conditions of previous awards, including timely submission of required fiscal and program reports.

The OPI may apply special conditions and/or restrictions to grants that are awarded to "high-risk" sub-grantees. Such special conditions and restrictions will correspond to the risk condition that exists for a particular sub-grantee and may include:

1. Payment on a reimbursement, rather than advance, basis;

2. Additional more detailed financial and/or program reports;

3. Additional project monitoring;

4. Additional technical or management assistance; and/or

5. Additional prior approvals.

Prior to imposing special conditions or restrictions, the OPI will notify the sub-grantee in writing of:

1. The nature of the special conditions/restrictions;

2. The reason(s) for imposing them;

3. Corrective actions which must be taken before the special conditions or restrictions will be removed and the time allowed for completing the corrective actions; and

4. The method whereby a sub-grantee may request reconsideration of the conditions/restrictions imposed.

Enforcement Actions for Noncompliance

If the OPI determines that a sub-grantee has failed to comply with the terms of an award, including any special conditions or restrictions, the OPI may take one or more of the following enforcement actions as appropriate in the circumstances:

1. Temporarily withhold cash payments to the sub-grantee pending correction of the deficiency;

2. Disallow all or part of the cost of the activity or action not in compliance;

3. Wholly or partly suspend or terminate the current award for the sub-grantee's program;

4. Withhold further awards for the sub-grantee's program; or

5. Take other remedies that may be legally available.

700 Specialized Duties of Recipients

Cooperatives and Consortia

WHAT ARE COOPERATIVES AND CONSORTIA?

The OPI sub-grants certain federal program funds to cooperatives or consortia. Some programs allow or even require groups of applicants to jointly apply for a single grant award.

The term "cooperative," for purposes of special education, means an administrative entity formed in accord with the requirements of 20-7-451 through 20-7-457, MCA, and which provides special education services. Districts which participate in a cooperative for the purpose of delivering special education services must apply for their IDEA B and Preschool funds through the cooperative. The "prime applicant," or "fiscal host" for the cooperative is the cooperative itself with the director of the cooperative designated as the authorized representative.

Consortia, as used in this manual, means a group of school districts or other statutorily allowable entities that work together for a common purpose. The term includes those school districts which have an interlocal agreement for the purpose of providing special education or other agreed on services. Other examples of consortia include: a) An elementary school and high school with a combined school board who cooperatively apply for a grant to serve both the elementary and high school programs; b) A group of otherwise unrelated schools, including elementary and/or high schools, who apply to use a single grant award. A school district may be a member of several consortia at the same time for different grant programs.

The "prime applicant" for a consortium must be a school district. The prime applicant must receive the grant and spend it directly for project expenditures. Federal awards granted to consortia may not be passed-through to member school districts or other subrecipients.
[NOTE: IDEA B and Preschool are the only programs which allow the prime applicant to pass-through funds to subrecipients.]

PROGRAMS THAT ALLOW COOPERATIVE/CONSORTIUM APPLICATIONS

The following federal programs administered by the OPI are available to cooperatives and consortia:

IDEA Part B and Preschool—Districts which participate in a cooperative or in a consortium for the purpose of providing special education services must apply for their IDEA funds through a single application. The cooperative must apply for IDEA funds on behalf of its participating districts. A school district must apply as the "prime applicant" on behalf of the districts participating in a consortium for delivering special education services. In both cases, the entity which applies for the funds on behalf of its participating district has additional responsibilities for program monitoring as described in "Pass-Through Entity Responsibilities."

ESEA Title I, Part A, Improving Basic Programs—Grants to unified elementary/high school districts are allowed and encouraged. Awards are allocated separately to elementary and high school programs WITHIN THE SINGLE AWARD AMOUNT. Expenditures for elementary

and high school programs must be separately tracked and reported.

ESEA Title I, Part B, Subpart 3, Even Start—To qualify as an "eligible entity" for an Even Start Family Literacy sub-grant, an applicant must be a partnership between one or more school districts and one or more nonprofit community-based organizations, public agencies other than a school district, institutions of higher education, or public or private nonprofit organizations of demonstrated quality other than a school district.

ESEA Title II, Part A, Teacher and Principal Training and Recruiting—Consortia are allowed if recipients want to pool their resources to provide more extensive programs.

ESEA Title II, Part D, Educational Technology—There is no consortium requirement for small districts, although consortia are allowed.

ESEA Title IV, Part A, Safe and Drug-Free Schools and Communities—Consortia of local education agencies or educational service agencies are allowed in order to establish, operate, or improve local programs of school drug and violence prevention.

ESEA Title V Part A, Innovative Programs—Consortia are allowed if recipients want to pool their resources to provide more extensive programs.

Adult Basic and Literacy Education—Cooperatives/consortia are allowed. Partners may include local education agencies, community-based organizations, correctional education agencies, post-secondary education institutions, institutions that serve educationally disadvantaged adults and any other institution that has the ability to provide literacy services to adults and families.

Carl Perkins—Consortia are allowed if recipients want to pool their resources to provide more extensive programs.

COOPERATIVE/CONSORTIUM RESPONSIBILITIES

The "prime applicant," or host, of the special education cooperative or consortium must fulfill the following responsibilities:

1. Applications: Submit all applications and reports of all participants required under the program;

2. Spend the money directly for project activities: Funds may not be passed-through to members of a cooperative or consortium, except for IDEA B and Preschool programs;

3. Reports: Submit all Fiscal Closeout Reports, Final Program Reports and other reports to the OPI as required;

4. Cash Requests and Cash Management: Request the project cash and ensure compliance with federal cash management regulations requiring a sub-grant recipient to minimize the time between cash draws and expenditures;

5. Pass-Through Monitoring: Under the IDEA B and Preschool programs, monitor expenditures of all money passed-through to participants for compliance with federal program regulations pertaining to the program by:

a. Collecting annual cash request forms from subrecipients and reviewing for reasonableness before submitting the forms to the OPI on behalf of participants.
b. Collecting and reviewing fiscal reports from each subrecipient to ensure funds were used in accordance with program regulations;
c. Ensuring unspent money is refunded to the OPI through the prime applicant as required; and
d. Fulfilling other responsibilities under "PASS-THROUGH ENTITY RESPONSIBILITIES" below.

6. Audits: Comply with federal and state audit requirements by having audits performed as required and taking appropriate corrective action on audit findings. The prime applicant will have the federal award audited as part of their annual financial compliance audit. Pass-through funding will be reported in the audit. Money passed-through to subrecipients under the IDEA B and Preschool programs must also be reported in the audit of the subrecipient.

7. Questioned Costs/Refunds: Resolve any questioned costs noted during audits or other monitoring processes. Refunds due to grantors are the prime applicant entity's responsibility.

8. Equipment: Inventory and track any equipment purchased directly by the prime applicant. Equipment purchased by the recipients of pass-through moneys are to be tracked on the recipient's records.

PASS-THROUGH ENTITY RESPONSIBILITIES

The IDEA Part B and Preschool programs allow prime applicants to pass-though federal funds. The OMB Circular A-133 lists the following responsibilities for entities that pass-through federal awards:

1. Identify awards made by informing each subrecipient of the CFDA title and number, award year and the federal grantor;

2. Advise subrecipients of the program requirements imposed upon them by federal laws, regulations and contractual agreements, and any further restrictions imposed on them by the pass-through entity;

3. Monitor activities of subrecipients as necessary to ensure federal awards are used for authorized purposes in compliance with state and federal laws, regulations, and contracts and that performance goals are achieved;

4. Ensure a subrecipient receiving $300,000 or more in federal funds meets the federal audit requirements (the OPI already fulfills this obligation if the subrecipient is a public school district);

5. Review the subrecipient's audit report and ensure appropriate corrective action is appropriate and timely;

6. Require each subrecipient to permit the prime applicant and auditors to have access to records and financial statements as necessary for audit.

UNAUTHORIZED PASS-THROUGH OF FEDERAL PROGRAM FUNDS

The OPI administered programs, other than IDEA Part B and Preschool programs, do not allow pass-through of funds to subrecipients by prime applicants. The OPI may require a prime applicant to refund federal funds which were passed-through to members of a cooperative or consortium without authority.

DUTIES OF THE AUTHORIZED REPRESENTATIVE (AR)

An "Authorized Representative" is a person who legally acts on behalf of the subrecipient of federal and state grants. The authorized representative is the liaison between the subrecipient and the grantor.

School District Authorized Representatives

The Board of Trustees has the authority to act on behalf of the school district. The OPI assumes the Board of Trustees delegates their authority to the district superintendent, who will act as authorized representative of the school district receiving federal and/or state grants. If the school district, because of its size, does not have a district superintendent, the principal will be presumed to be the authorized representative. If a district has neither a superintendent nor a principal, the county superintendent will assume the role of authorized representative. Although this assignment of duties will be assumed by the OPI, the trustees may instead retain the Chairman of the Board in the role of authorized representative for the board. The trustees should send written notice to the OPI if they choose to retain the Chairman as authorized representative.

Authorized Representatives of Subrecipients Who are Not School Districts

The chairman of the managing board or committee of the subrecipient organization will be assumed to be the authorized representative, unless the board designates an alternative in writing to the OPI.

Role of the Authorized Representative

The signature of the authorized representative: 1) protects the legal rights and interests of the subrecipient; and 2) commits the subrecipient to fulfill obligations of federal projects. The signature of the authorized representative forms a legal contract between the subrecipient and the grantor agency, the OPI. By signing documents on behalf of the organization, the authorized representative binds the subrecipient to perform within the terms of the grant agreement, common assurances documents, administrative requirements, programmatic requirements, etc.

The Authorized Representative is responsible for:

1. Developing a work plan or calendar to administer and achieve the goals and objectives of the grant award;

2. Informing the clerk/business manager of the local education agency (LEA) or other entity of the application, approval of the award, applicable requirements for allowable costs of the program, reporting requirements, budget or program modifications, close-out procedures, etc.

3. Ensuring an appropriate system of time and effort records is used in cases where an employee paid using grant funds is also paid using local or state funds or funds of another federal program;

4. Submitting timely, accurate program reports and ensuring the person responsible for fiscal reporting is also prompt and accurate; and

5. Ensuring the grant award is administered in compliance with applicable state and federal laws and regulations.

Appendix A — Glossary

A-87 (OMB CIRCULAR)
Cost Principles for State, Local and Indian Tribal Governments (August 1997)

A-102 (OMB CIRCULAR)
Uniform Administrative Requirements for Grants and Agreements with State and Local Governments ("Common Rule") (August 1997)

A-133 (OMB CIRCULAR)
Audits of States, Local Governments, and Nonprofit Institutions (June 1997)

ACQUISITION COST
For federal grants acquisition cost of an item of purchased equipment means the net invoice unit price of the property, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. (See definition for Equipment in this Glossary.)

ADMINISTRATIVE COSTS
Costs of administration are those reasonable, necessary and allowable costs associated with the overall project management and administration and which are not directly related to the provision of services to participants. These costs can be both personnel and non-personnel and both direct and indirect. Generally, direct administration costs differ from indirect charges in that the latter are considered organization-wide costs. Examples of administration are salaries, benefits, and other expenses of staff who perform the following functions:

- Overall project management, project coordination, and office management functions;
- Preparing project plans, budgets, and related amendments;
- Monitoring of projects, and related systems and processes;
- Developing systems and procedures, including management information systems, for assuring compliance with project requirements;
- Preparing reports and other documents related to the project requirements;
- Evaluating project results against stated objectives; and
- Performing administrative services such as project specific accounting, auditing or legal activities.

Examples of non-labor costs for administration include:

- Costs for goods and services required for administration of the project, including such goods and services as the rental or purchase of equipment, utilities, offices supplies, postage, and rental and maintenance of office space; and
- Travel costs incurred for official business in carrying out administrative activities.

ADMINISTRATIVE REQUIREMENTS
Matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from "programmatic requirements,"

which are restrictions applied on a program-by-program basis, such as kinds of activities allowable under a grant (34 CFR Part 80).

ADMINISTRATIVE RULES OF MONTANA (ARM)

A loose-leaf compilation of all rules of state departments and attached boards. The Montana Legislature enacted the Montana Administrative Procedure Act; the primary purpose of the act is to make the rules of state agencies readily available to the public and to make them available in a convenient, current and concise form. To implement this purpose, the Secretary of State compiles and publishes all rules filed pursuant to the act in a publication known as the Administrative Rules of Montana, commonly known as ARM. Each state agency is responsible for preparing its portion of the rules in accordance with the prescribed format.

ADVANCE

Payment of all or a portion of a federal award before the grant expenditures have been incurred. Advances are the opposite of reimbursements, wherein costs incurred by a sub-grantee are later paid back by the grantee.

ALLOCATION

In regard to federal programs, the amount of money an entity will be given under a federal grant award.

ALLOWABLE COST

A cost which is appropriately charged to a federal program. To be allowable, a cost must be necessary and reasonable, be allocable (i.e., chargeable in relation to service given) under the federal award, be authorized or not prohibited by state or local laws, conform to OMB Circular A-87, be consistently treated as are other costs of the entity, be treated in accordance with generally accepted accounting principles, not be used for matching in another program, be net of applicable credits and be properly documented.

APPLICANT

A party requesting a grant or sub-grant.

APPLICATION

A written request for a grant or sub-grant.

AUDIT FINDING

Deficiencies reported by the auditor in the audit report's schedule of audit findings and questioned costs.

AUDIT RESOLUTION

Corrective action taken by a sub-grantee and verified by the grantee in response to a finding of noncompliance or questioned cost listed in a sub-grantee's audit report.

AUTHORIZED REPRESENTATIVE (AR)

An agent designated by the Board of Trustees to act on its behalf to make certifications and applications to the OPI on behalf of a school district or other education entity. A person who legally acts on behalf of the subrecipient of federal and state grants. In Montana schools, the AR is usually the District Superintendent or Cooperative Director.

AVERAGE NUMBER BELONGING (ANB)

An enrollment number used to establish state funding levels for Montana school districts. The ANB is based on the average of two semi-annual enrollment counts, adjusted for kindergartners and other part-time students.

AVERAGE DAILY ATTENDANCE (ADA)

Average number of enrolled students who were present on the enrollment count dates used to establish ANB for funding.

AWARD (FEDERAL)

Federal financial assistance that nonfederal agencies receive directly from federal agencies or indirectly from pass-through entities. Does not include moneys used for procurement of goods and services under contracts.

AWARDING AGENCY

With respect to a federal grant, the federal agency; with respect to a sub-grant, the party making the sub-grant.

BOARD OF PUBLIC EDUCATION (BPE)

The State Board of Public Education is responsible for establishing and maintaining standards of all public schools in Montana. There are seven members on the BPE and the governor appoints the members.

BUDGET PERIOD

The award period. The budget period for the OPI-administered grants is usually July 1 to June 30, or July 1 to September 30. An extension may be approved for projects ending June 30.

CASH MANAGEMENT

Reasonable procedures which must be established for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursements by grantees and sub-grantees.

CAPITAL EXPENDITURE

Cost of a fixed asset, including costs of placing the asset in a condition of usefulness. Includes delivery charges, modifications, attachments and accessories which are needed to make an asset useable for the intended purpose. Federal programs require assets having a unit price of $5000 or more to be considered a capital expenditure.

CAREER AND TECHNICAL EDUCATION

Career and Technical Education is also referred to as State Secondary Vocational Education and Carl Perkins Vocational Technical Education.

CARRYOVER

Unexpended funds from an award may, within statutory limits, be "carried over" and added to the project allocation of the following year.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE

Federal publication listing Catalog of Federal Domestic Assistance (CFDA) number of each federal assistance program.

CFDA NUMBER

The number assigned to a federal program in the Catalog of Federal Domestic Assistance. Number is in this format: XX.XXX

CODE OF FEDERAL REGULATIONS (CFR)

The Code of Federal Regulations is published periodically by the Director of Federal Regulations. This publication has general applicability and legal affect and contains rules issued by federal agencies to implement federal statutes and government-wide directives from the President (Executive Orders), the Office of Management and Budget and the Treasury Department.

COGNIZANT AGENCY

Federal agency assignee by the U.S. Office of Management and Budget to carry out responsibilities to assure that audits of federal assistance are made as required by OMB Circular A-133.

COMMON ASSURANCES

The legislated requirements, common across several programs, that agencies must abide by as conditions for receipt of funds.

COMMINGLING

Depositing funds in a general account without the ability to identify each specific source of funds used for an expenditure. Commingling of federal funds is generally not allowed.

COMPETITIVE GRANT (may also be called "DISCRETIONARY GRANT" or "GREATEST NEED")

A grant award not based on a formula or legislative mandate and requiring approval by the OPI.

COMPLIANCE SUPPLEMENT

Guidance for auditing federal program requirements, published by the U.S. Government. Specific program requirements are addressed.

CONSORTIUM

A group of local education agencies (nonpublic LEAs may be included) or educational service agencies that group together in order to establish, operate or improve local education or prevention programs. A consortium must be represented by a "prime applicant district" (which must be a public school legal entity).

COOPERATIVE

Two or more schools which join together, in accordance with 20-7-451 through 20-7-457, MCA, for the purpose of performing any or all education administration services, activities and undertakings that the school district entering into the contract is authorized to perform by law. In accordance with ARM 10.16.2209(1)(a), no more than 23 special education cooperatives may be established.

CORRECTIVE ACTION

Action taken by the audited entity that: 1) corrects identified deficiencies; 2) produces recommended improvements; or 3) demonstrates that audit findings are either invalid or do not warrant auditee action.

COST ALLOCATION PLAN

Documentation of identifying, accumulating and distributing allowable costs under grants together with the allocation method used.

COST PRINCIPLES

General policies for allowability of costs charged to federal programs are specified in OMB Circular A-87 for federal programs administered by OPI.

DEBARMENT

Action taken by a debarring official to exclude a person from participating in a covered transaction (34 CFR part 80).

DIRECT COST

Cost identifiable to a particular program, and charged to a particular state or federal program award. Direct costs are the opposite of indirect costs.

DISALLOWED COST

A charge to a grant which the program determines is not allowable, in accordance with applicable federal cost principles or conditions of the award. Typically, the federal program will not pay for the disallowed charges, so the charges must be supported by the recipient using other nonfederal sources.

ED

The U.S. Department of Education

EDGAR

Education Department General Administrative Regulations

ENCUMBRANCES

Obligations for goods ordered but not yet received as of June 30 or the end of the project period.

EQUIPMENT

For federal grants, tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. (See definition of Acquisition Cost in this Glossary.)

ELEMENTARY AND SECONDARY EDUCATION ACT (ESEA)

Elementary and Secondary Education Act of 1965, as amended in the Improving America's Schools Act 1994 and reauthorized under the No Child Left Behind Act of 2001. ESEA provides targeted resources to help insure that disadvantaged students have access to a quality public education.

EXCESS COSTS

Under the Individuals with Disabilities Education Act (IDEA) 34 CFR 300.184, excess cost is defined as: "those costs that are in excess of the average annual per student expenditure in an LEA during the preceding school year for an elementary or secondary school student, as may be appropriate..." Calculation of excess costs and general requirements can be found under 34 CFR 100.184 and 34 CFR 300.185.

FEDERAL FINANCIAL ASSISTANCE

Assistance provided by a federal agency in the form of grants, loans, cooperative agreements, contracts, loan guarantees, property. It includes awards received directly from the federal agency or indirectly through other units of state and local governments (34 CFR appendix to part 80).

FISCAL YEAR

The state fiscal year is July 1 through June 30. The federal fiscal year is October 1 to September 30.

FLEXIBILITY

ESEA Title VI, Part A, Subpart 3, State and Local Flexibility Demonstration Act. Eligible programs include Title II-A, Title II-D, Title IV-A, and Title V-A. The Secretary of Education will terminate agreement if the LEA fails to make adequate yearly progress (AYP).

GENERALLY ACCEPTED AUDITING STANDARDS

Standards for Audits of Government Organizations, Programs, Activities and Functions (34 CFR appendix to part 80).

GEPA

General Education Provisions Act (34 CFR 77)

GRANTEE

The entity that a grant is awarded and that is accountable for the use of funds provided. The grantee is the entire legal entity, even if only a particular component of the entity is designated in the award document (34 CFR 80).

GRANT PERIOD

The project or award period. Depending on the type of grant, the grant period for most OPI-administered grants is July 1 to June 30 or July 1 to September 30, unless an extension is approved.

INDIRECT COST

A cost which is incurred for a common or joint purpose benefiting more than one cost objective, which is not readily assignable to a specific program being benefited. Indirect costs are charged to various programs and "pooled."

INDIRECT COST RATE

Percentage approved for recovery from federal programs. The rate for a school district must be approved annually by the OPI. The rate may be charged to approved federal programs by multiplying direct charges by the approved rate. Some programs restrict the rate used in that particular program, which may be lower than the rate approved by the OPI.

INDIRECT COST RECOVERY

The amount allowed to be charged to a federal grant based on application of an approved indirect cost rate.

INTERNAL CONTROLS

Processes, established by management and other personnel, designed to provide reasonable assurance regarding the achievement of the following objectives:

1. Transactions are properly recorded and accounted for to
   a. Permit the preparation of reliable financial statements and federal reports;
   b. Maintain accountability over assets;
   c. Demonstrate compliance with laws, regulations, and other compliance requirements.
2. Transactions are executed in compliance with
   a. Laws, regulations and the provisions of contracts or grant agreements;
   b. Any other laws and regulations that are identified in the compliance supplement; and
3. Funds, property and other assets are safeguarded against loss from unauthorized use or disposition.

JOURNAL VOUCHER (JV)

A transaction made to correct or adjust a previous transaction. When a JV involves more than one fund, the clerk must notify the county treasurer of the adjustment.

LOCAL EDUCATION AGENCY (LEA)

Local education agency (LEA) includes: a) public school districts; b) any other public institution which administers a public elementary or secondary school; and c) as used in 34 CFR 400, 408, 525, 526, and 527 (Vocational Education Programs), any public institution or agency that has administrative control and direction of a vocational education program (34 CFR Part 77).

LOCAL INNOVATIVE PROGRAM (LIP)

Title V projects must allocate percentages of funds among LIPs.

LOCAL GOVERNMENT

A community, municipality, city, town, township, local public authority (including any public and Indian housing agency under the U.S. Housing Act of 1937), a school district, special district, council of governments, or any other regional or interstate government, or any agency or instrumentality of a local government (34 CFR 80).

MAINTENANCE OF EFFORT (MOE)

For ESEA title programs "Maintenance of Effort" (or "maintenance of fiscal effort") is required by several grant programs. The purpose of a maintenance of effort requirement is to ensure the recipient of federal funds does not spend those funds in place of local dollars. Maintenance of Effort ensures a recipient spends local dollars for the same activities that would be provided if federal dollars were not available. Thus, federal programs supplement the normal activities of the entity and do not replace, or supplant, their normal activities.

MAJOR PROGRAM

Federal program determined by the auditor to be a major program in accordance with OMB Circular A-133. For entities with total federal assistance between $100,000 and $1 M, any program for which the entity spent $300,000 or more in a year or 3 percent of total federal program expenditures (34 CFR, attachment to appendix of Part 80).

MANAGEMENT DECISION

Evaluation by the federal awarding agency or pass-through entity of the audit findings and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

MATCHING

The value of contributions by the entity to support a portion of the project. Many federal programs require a local match.

MONTANA CODES ANNOTATED (MCA)

The MCA is a compilation of existing general and permanent Montana laws, including the statutory text and history. The Code is arranged topically.

NO CHILD LEFT BEHIND ACT (NCLB) of 2001

Public Law 107-110, reauthorized the Elementary and Secondary Act (ESEA) of 1965
The purpose of the Act is to close the achievement gap with accountability, flexibility and choice so that no child is left behind. The NCLB can be found at: http://www.ed.gov/legislation/ESEA02/

NONPROFIT

As applied to an agency, organization, or institution, means it is owned and operated by one or more corporations or associations whose net earnings do not benefit, and cannot legally benefit, any private shareholder or entity (34 CFR 77).

NONPUBLIC

As applied to an agency, organization, or institution, means it is nonprofit and is not under federal or public supervision or control (34 CFR 77).

OBLIGATION

Orders placed, contracts awarded, and goods and services received but not paid for by June 30 or the end of the project period.

OFFICE OF PUBLIC INSTRUCTION (OPI)

The Office of Public Instruction (OPI) provides services to Montana school-age children and to teachers in approximately 500 school districts. The agency provides technical assistance in planning, accreditation, school curriculum, school finance, and school law. The agency also administers a number of federally funded programs and provides a variety of information services.

OPI staff members provide assistance to the Superintendent of Public Instruction in performing prescribed duties. Staff responsibilities include: 1) support for the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board; 2) the distribution and accounting of state and federal funds provided to school districts; 3) operational support to OPI; and 4) assistance and information to school districts.

OMB

The U.S. Office of Management and Budget (OMB)

OUTLAY
Cost charged to a federal program.

PASS-THROUGH ENTITY
Nonfederal entity which provides a federal award to a sub-recipient.

PRE-AWARD COST
Costs incurred prior to the effective date of the federal sub-grant award after receiving written approval from the OPI. Pre-award costs are only allowable if the OPI determines the immediate expenditures are necessary to fulfill the required service or activity under the grant.

PRIME APPLICANT
The prime applicant is the school district that files an application for a grant, receives and manages program funds and ensures funds are audited in accordance with federal requirements.

PRIOR APPROVAL
Documentation evidencing consent prior to incurring specific costs.

PRIVATE
As applied to an agency, organization, or institution, means that it is not under federal or public supervision or control.

PROJECT NUMBER
Number assigned by the OPI to identify a specific state or federal grant project that has been awarded to a legal entity. Number identifies county, legal entity, money type, state fiscal year, and up to five unique identifying numbers or letters that may be used to identify a program.

PROGRAM INCOME
Income generated by a grant-supported activity, or earned as the result of a grant agreement during the grant period. Includes fees for services performed, sale of commodities or use/rental of real or personal property acquired with grant funds. Does not include interest earned on grant funds, rebates, discounts, refunds, etc.

QUESTIONED COST
Cost questioned by an auditor because an audit finding indicates: 1) a possible violation of a law, regulation, contract, grant, or other agreement covering use of federal funds, including use of nonfederal funds used to match federal funds; 2) costs which were not supported by adequate documentation at the time of audit; or 3) costs incurred seem unreasonable to charge to the grant.

REALLOCATED (TITLE I)
Districts may apply to the Title I program at the OPI to receive additional funds when the district can demonstrate an extremely high need based on free and reduced lunch figures. The funds are limited and the available amount varies from year to year.

RECIPIENT
An entity eligible to receive federal grants to carry out the intent of federal assistance programs.

REIMBURSEMENT

Payment received by a sub-grantee for work or services performed or other allowable expenditures already incurred for a grant project.

REQUISITIONS

Formal documentation of purchases requested by staff.

REVENUE

Income from federal, state or local sources. Federal grant money is generally recorded as revenue in the year it is spent.

STATE EDUCATION AGENCY (SEA)

State education agency (SEA), such as the OPI.

SINGLE AUDIT

Audit in accordance with OMB Circular A-133 that covers both the entity's financial statements and the federal awards.

SUB-GRANT

Award of money or property made under a grant by a grantee to an eligible sub-grantee. Does not include vendor payments.

SUB-GRANTEE

The government or other legal entity to which a sub-grant is awarded. A sub-grantee is accountable to the grantee for use of the funds provided under a sub-grant.

SUBRECIPIENT

A government, agency or other organization which receives federal financial assistance under a grant award through a state or local government. Does not include an individual who is a beneficiary of the program.

TERMS OF A GRANT OR SUB-GRANT

All requirements of a grant or sub-grant, whether in statute, regulations or the award document.

THIRD PARTY IN-KIND CONTRIBUTIONS

Property or services which benefit a federally supported project or program and which are contributed by non-federal third parties without charge to the grantee.

TRANSFERABILITY OF FUNDS

ESEA Title VI, Part A, Subpart 2, provides a district the flexibility to transfer a portion of its formula grant allocations for certain federal ESEA programs to supplement its formula grant allocation under certain other federal ESEA grant programs. An LEA can only transfer funds within its administrative unit and between programs in which the LEA participates. The OPI must be notified of the transfer 30 days before the transfer and must notify the OPI of program changes within 30 days of the transfer.

UNLIQUIDATED OBLIGATIONS

Amount of obligations incurred which have not yet been paid.

UNEXPENDED FUNDS

Amounts of award which are not obligated by the end of the project period. Unexpended funds are refundable to the OPI if the carryover period has expired, or are carried over by the OPI's inclusion of those funds in the award approved for the following period.

UNOBLIGATED BALANCE

The portion of the award which has not been obligated by the grantee or sub-grantee. Determined by subtracting the cumulative obligations from the funds authorized by the award.

UNITED STATES CODE (U.S.C.)

United States Code, federal law.

Appendix B — Examples of Forms

(Copies of these forms are available from the Office of Public Instruction.)

- Indirect Cost Rate Application
- ESEA Federal Programs Checklists (2001-02 and 2002-03)
- Common Assurances for Federal Categorical Aid Programs
- ESEA Title I Comparability Report/Instructions
- Federal/State Grant Control Record
- Annual Budget and Program Modification Request
- Fiscal Closeout Report
- Opportunity to Participate in Federally Funded Programs by Nonpublic Schools
- Project Budget
- Time and Effort Form
- Title VI-Flexibility and Accountability
- 2002-2003 Title VI, Part A, Subpart 2, Transferability of Funds

OFFICE OF PUBLIC INSTRUCTION
CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE

Instructions

INDIRECT COST PROPOSALS

The Office of Public Instruction has, in cooperation with the U.S. Department of Education, developed an indirect cost plan to be used by local education agencies (LEA's) in Montana. The Office of Public Instruction has been delegated the authority by the U.S. Department of Education to review indirect cost proposals and to approve indirect cost rates for LEA's.

An indirect cost rate is a means of determining, in a reasonable manner, the percentage of allowable general administrative expense that each Federal grant should bear. Generally, an indirect cost rate is the ratio of total indirect costs to total direct and unallowable costs, exclusive of any extraordinary or distorting expenditures such as capital outlay and debt service. An indirect cost rate does not increase the grant. It allows a portion of the total grant to reimburse the school district for indirect costs such as accounting, payroll, personnel, etc. Expenditures for the second preceding fiscal year are used when completing the indirect cost proposal for a given fiscal year. For example, expenditures for FY 2000-01 will be used to complete the Indirect Cost Proposal for FY 2002-2003. In order to adjust for the use of prior years' expenditures, Montana will calculate restricted indirect cost rates using a fixed rate with a carry forward provision.

Applications for grants usually involve a request for reimbursement of both direct and indirect costs. OMB Circular A-87 contains provisions for determining indirect cost rates for grantees and subgrantees of Federal grants. LEA's are not required to develop an indirect cost proposal. However, to recover any indirect costs for the administration of federal grants, a LEA must have an approved indirect cost rate.

The sources of information used to develop an indirect cost rate are the LEA's official annual Trustees' Financial Summary and the detail accounts that make up that report. It is essential school districts classify expenditures uniformly and consistently in accordance with the Montana School Accounting Manual. The Office of Public Instruction will prepare a "preliminary restricted indirect cost rate" for school districts requesting an indirect cost rate. School districts may use this rate or submit an adjusted rate for OPI approval as discussed later in these instructions. Generally, records and documentation supporting the indirect cost proposal must be retained for a period of three years from the date of submission to the Office of Public Instruction. If audit exceptions have been noted, records must be retained until those exceptions have been resolved.

DEFINITIONS

1. Indirect Costs

   Indirect costs are those costs of a general nature which are not readily identifiable with the activities of the grant but are, nevertheless, incurred for the joint benefit of those activities and other activities or programs of the organization.
   As prescribed by OMB Circular A-87, indirect costs are costs which meet the following criteria:
   a. Incurred for a common or joint purpose benefiting more than one cost objective.
   b. Not readily assignable to the cost objectives specifically benefited.

   Administrative indirect costs consist of the salaries and other expenses, other than the superintendent's office (see exception on page 3), which benefit the **entire** LEA. Those activities that are limited to one school, subject, or phase of operation, are not indirect costs.

DEFINITIONS-continued

1. Indirect Costs-continued

Salaries and expenses for accounting, budgeting, payroll, personnel management, purchasing, employee relations, labor negotiation contracts, mailrooms, word processing pools, computer networks, or data processing operations are examples of costs which typically benefit several activities and programs. These types of costs may be allocated to federal programs by means of an indirect cost rate. In theory, all such costs can be charged directly. However, using an indirect cost rate is often more efficient and practical. Federal regulations allow auditing costs for districts spending over $300,000 of federal funds to be classified as an indirect cost.

Salaries and expenses related to the direction and supervision of such functions as instruction, guidance, attendance, transportation, community services, and student services are not indirect costs. The cost of these functions are direct costs. For example, the business manager, accounting manager, and accounting section are included as administrative indirect costs, but the director of transportation would be classified as a direct cost. Expenditures identified as indirect costs cannot also be classified as direct costs.

Fixed charges are exclusively identified as:

a. TRS/PERS Employee retirement
b. Social Security
c. Unemployment
d. Workers' Compensation
e. Property, employee, health, and liability insurance
f. All similar costs normally considered to be employee fringe benefits.

Under federal regulations, fixed charges are classified as indirect costs if associated with salaries included as indirect costs. Fixed charges are direct costs if associated with salaries which are direct costs. Regulations also provide fixed charges include property, liability, and employee insurance.

No other items of expenditure are to be classified as indirect fixed charges. For indirect cost rate purposes, the employee benefit expenditures reported in the Retirement Fund (14) are distributed by OPI to each program and function based upon each program and function's pro-rated share of salary expense for all funds. Undistributed employee benefits in other funds are distributed to each program and function based upon each program and function's pro-rated share of salary expense for that particular fund.

Costs of Operation and Maintenance (O&M) of Plant

School districts may also include the small percentage of building operations and maintenance costs that pertains to indirect functions such as payroll, accounting, etc. The U.S Department of Education requires the school district to conduct a study or other measured basis such as square feet occupied by indirect functions as it relates to the total square feet of space used by the school district. For example, if the business office occupies 100 square feet out of 20,000 total square feet and O&M costs are $25,000 per year, the school district can reclassify .5% (.005) of $25,000 or $125 per year from direct costs to indirect costs.

Termination Pay

Federal grants may not be charged directly for termination or severance (retirement bonus) pay. As provided in OMB Circular A-87, termination or severance pay is an allowable cost if it is allocated as a general administrative expense to all activities of the governmental unit. The U.S. Department of Education prefers termination pay be paid from non-federal funds and included as part of the indirect cost rate calculation. Accordingly, termination or severance pay may be paid from the general, school food, impact aid, compensated absences (non-teaching staff only) or other appropriate non-federal fund and be included in the indirect cost rate calculation. See Page 7 for Instructions to Calculate an Adjusted Rate.

2. Direct Costs

Direct costs are incurred specifically for one activity and can be identified specifically with that activity. These costs may be charged directly to grants, contracts, or to other programs. OMB Circular A-87 requires the school district to keep time and effort records to support salary expenditures charged directly to federal grants. Expenditures charged direct cannot also be classified as indirect costs.

DEFINITIONS-continued

3. Unallowed Costs

Costs of general government are classified as unallowable (meaning federal funds cannot be used for these purposes) by OMB Circular A-87, however, these costs are included in the rate computation. The school board, superintendent, the superintendent's secretary, and expenses related directly to the operation of the superintendent's immediate offices, specifically cannot be classified as indirect costs and are considered, for rate computation purposes, to be unallowed costs. (See exception on below for district with less than 2600 students.) Salaries and benefits for an individual principal, a principal's secretary, and the expenses related to the operation of these immediate offices are not indirect costs but are considered to be direct costs. General government costs are combined with direct costs to make up the base (denominator) in the rate computation.

Costs of Superintendent's Office – Districts With Less Than 2600 students

The U. S. Department of Education allows small districts with less than 2600 students to include a portion of the cost of the superintendent's office as an indirect cost. The U.S. Department of Education policy is to request the Superintendent keep a time sheet the last week of the old quarter and the first week of the new quarter to estimate the percentage of time spent on indirect activities. (See page 9 for a suggested time sheet for this purpose.) Once the percentage is determined and signed by the School Board Chairman, the district may apply this percentage to the cost of the Superintendent's office and reclassify this amount from direct costs to indirect costs. This percentage may not exceed 30% of the total costs of the Superintendent's office. The cost of the superintendent's office may include the superintendent's secretary, an assistant superintendent who manages federal grants, and the assistant superintendent's secretary.

4. Excluded Costs

Other cost items also classified by OMB Circular A-87 as unallowable are excluded from the computation of the indirect cost rate. Excluded costs include capital outlay, debt service and interest, and other expenditures, such as contributions and donations, bad debts, contingencies, entertainment, fines and penalties, judgements, fund raising, investment counseling for non-federal funds, losses on property, lobbying, operating transfers, and residual equity transfers.

5. Base The Base (denominator) in the rate computation includes direct costs and unallowed costs.

6. Restricted Indirect Cost Rate

A restricted indirect cost rate is required when Federal grants contain a "supplement but not supplant" provision. This means federal funds must be used in addition to state and local funding. Federal funds are intended to supplement, but in no way replace, local funds. Most of the Federal grants the school district obtains through the Office of Public Instruction are of the "restricted" type.

A restricted indirect cost rate includes only allowable indirect costs for general administration and related fixed charges. These costs make up the numerator. The base or denominator include direct and unallowable general government costs.

FINANCIAL REPORTS AND RECORDS REQUIRED TO COMPLETE INDIRECT COST PROPOSAL – continued

1. The annual TRUSTEES' FINANCIAL SUMMARY - Statement of Revenues, Expenditures and Changes in Fund Balance.
2. Other financial records or reports necessary to document the classification of certain expenditures classified as indirect or excluded costs. (See AUDIT REQUIREMENTS.)
3. Schedule A - Restricted Fixed Indirect Cost Rate with Carry Forward Worksheet:

   Column A — Total expenditures are determined by summing the general fund and special revenue funds (fund numbered less than 50) excluding object 910 operating transfers and 971 residual equity transfers. Employee benefit expenditures reported in the Retirement Fund (14) are distributed by OPI to each program and function based upon each program and function's pro-rated share of salary expense for all funds. Undistributed employee benefits in other funds are distributed to each program and function based upon each program and function's pro-rated share of salary expense for that particular fund. The debt service, capital projects, trust, enterprise, and internal service funds are also excluded. Columns B,C,D,E, and F must total to column A.

   Column B — Direct and Unallowable Costs include all expenditures in the general and special revenue funds (funds numbered less than 50) except for capital outlay, debt service, and functions 25XX Business Services and 28XX Central Services.

   Column C — Indirect Costs include all expenditures in functions 25XX Business Services and 28XX Central Services except for capital outlay and debt service for the General (01), Retirement (14), Miscellaneous Programs (15) for programs coded to '1XX" or "271", Metal Mine Tax Reserve (24), State Mining Impact (25), Impact Aid (26), Technology (28), and Flexibility (29) funds.

   Column D,E,F — Excluded Costs include all expenditures in the general and special revenue funds (funds numbered less than 50) for function code 4XXX Facilities Acquisition and 5XXX Debt Service and object codes 7XX Capital Outlay and Equipment, and 840 Principal, 850 Interest, and 860 Agent Fees.

   School districts may request to use the preliminary indirect cost rate calculated on Schedule A or submit an adjusted rate after reclassifying expenditures as discussed on page 7.

AUDIT REQUIREMENTS

1. General Requirements

   The classification of expenditures must be in conformance with the Montana School Accounting Manual. Failure to comply with the classification of expenditures as required may result in Single Audit questioned costs related to indirect cost recovery. In addition, Schedule A must reconcile in total with the District's Trustees' Financial Summary for the appropriate fiscal year.

2. Additional Documentation - Indirect Costs

   Detailed records are required to support any indirect costs attributed to function 23XX General Administration, 25XX Business Services, and 28XX Central Services. These records should include a justification or explanation as to why a cost has been classified as indirect. Indirect costs are usually only found in the General (01), Retirement (14), Metal Mine Tax Reserve (24), State Mining Impact (25), Impact Aid (26), Technology (28), and Flexibility (29) funds or an indirect cost pool established in the Indirect Cost Recovery (Aggregate of Reimbursements/Program "1XX" or "271") project in Miscellaneous Program Fund (15). Costs to consider classifying as indirect costs rather than as direct costs include: auditing if spending more than $300,000 in federal funds, accounting, budgeting, payroll, personnel management, purchasing, employee relations, labor negotiation contracts, termination or severance pay, mailrooms, word processing pools, computer networks, or data processing operations. Once a cost item has been classified as indirect, it should be classified consistently from year to year as indirect. Costs which are charged directly to a particular program may not be classified as indirect. For example, if the business manager's salary is allocated to the general, transportation, or other funds, only the general fund portion may be considered indirect since the remaining salary has been directly charged to other programs. Costs classified as indirect should be supported by worksheets and retained for audit. Inadequate documentation may result in an audit finding requiring repayment of indirect costs incorrectly recovered by a school district.

3. Additional Documentation - Excluded Costs

   Schedules or other records should be maintained that document the reporting of all expenditures classified as excluded costs. Excluded costs include capital outlay, debt service and interest, and other expenditures, such as contributions and donations, bad debts, contingencies, entertainment, fines and penalties, judgements, operating transfers, and residual equity transfers. Inadequate documentation may result in an audit finding requiring repayment of indirect costs incorrectly recovered by a school district.

LIMITATIONS ON THE RECOVERY OF INDIRECT COSTS

Three major limitations affect how much indirect cost may be recovered:

1. The rate negotiated with the Office of Public Instruction is the maximum allowable indirect cost for any federal program in which the school district participates. Federal law or grant conditions may further limit the amount of indirect costs or the indirect cost rate. For example, if the LEA has a restricted rate of 5 percent and the law allows only a 3 percent rate of recovery for that program, then the LEA can recover only indirect costs equal to 3 percent of the direct costs. Some grants may prohibit any recovery of indirect costs.
2. Recovery of indirect costs on grants is subject to the availability of funds. Most restricted grants are allocated to the State as a block grant in which each LEA is entitled to a maximum grant amount. The total direct costs plus indirect costs cannot exceed the maximum entitlement.
3. Indirect costs are recovered only to the extent of direct costs incurred. The **indirect cost rate is applied to the direct cost amount expended less capital outlay and subgrants**, not to the grant award.

PERIOD FOR WHICH RATES ARE APPLICABLE

An indirect cost rate certification approved by the Office of Public Instruction is applied for one year. The rate is valid from July 1 through June 30 of the applicable fiscal year of approval or the term of the grant award. To recover indirect costs, the LEA applies the indirect cost rate in effect for a given fiscal year or the term of the grant award to the direct expenditures less capital outlay during that fiscal year or the term of the grant award.

APPLICATION OF RATE

Once the proposal has been approved by the Office of Public Instruction, the district may elect to:

1. Apply the approved and applicable rate to all eligible federal projects.
2. Apply the approved and applicable rate only to specific eligible projects; OR
3. Not apply the rate to any projects.
4. Apply the maximum rate or less than the maximum rate. If the rate applied is less than the maximum rate, it is not necessary to apply the reduced rate uniformly to all projects.

Budgeting: The following formula should be used to determine the amount that could be budgeted as indirect cost reimbursement.

Budgeting Indirect Cost Reimbursement: $\frac{\text{Indirect Cost Rate \%}}{(1.00 + \text{Indirect Cost Rate \%})} \times$ (Total Award less Capital Outlay and Subgrants)

Actual Application:

Example: If total direct expenditures less capital outlay and subgrants are $10,000 and the indirect cost rate approved by OPI is 3%, a school district could take "indirects" up to $300. As provided by Section 20-9-507, MCA, this amount is "transferred" from the grant to the "Indirect Cost Recovery" (Aggregate of Reimbursements) project in the Miscellaneous Programs Fund (15). Section 20-9-507, MCA, also provides indirect cost reimbursements be spent at the discretion of the trustees. Accordingly, the school district should adopt an expenditure policy to spend indirect cost reimbursements. Indirect cost reimbursements should not be accumulated but should be used for general administrative expenses.

RATE APPLIES ONLY ON EXPENDITURES AFTER APPROVAL DATE

An indirect cost rate approved during the middle of a grant period may only be applied to grant expenditures made after the approval date. The rate may not be applied retroactively.

SUBMITTING THE INDIRECT COST PROPOSAL

Submit a signed Certification form and a copy of Schedule A if an adjusted rate has been requested by May 31st. Include worksheets, schedules, and other supporting documentation which would expedite the approval of the proposal. The completed application should be mailed to: School Accounting and Budgeting Division, Office of Public Instruction, PO Box 202501, Helena, Montana 59620-2501

CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE
EXAMPLE

Office of Public Instruction

Schedule A

Restricted Fixed Indirect Cost Rate with Carry Forward For FY 2002-2003 Using FY01 Expenditures

Co LE District Name 02 222 S.D. No.1	Total Expenditures (A)	Direct and Unallowable Costs (B)	Indirect Costs (C)	Capital Outlay (D)	Excluded Costs Debt Financing (E)	Other (F)
Expenditure Function						
1XXX Instruction	619977.73	612309.20	XXXXXXXX	7668.53	0.00	0.00
221X Improvement of Instruction	17139.93	17139.93	XXXXXXXX	0.00	0.00	0.00
222X Educational Media Services	25343.19	25343.19	XXXXXXXX	0.00	0.00	0.00
22XX Instructional Staff	350.00	350.00	XXXXXXXX	0.00	0.00	0.00
23XX General Administration	32889.89	32889.89	.00	0.00	0.00	0.00
24XX School Administration	33897.28	33897.28	XXXXXXXX	0.00	0.00	0.00
25XX Business Services	37825.49	1553.28	36272.21	0.00	0.00	0.00
26XX Bldg Oper & Main	86369.76	84011.59	.00	2358.17	0.00	0.00
27XX Student Transportation	50674.33	47917.08	XXXXXXXX	2757.25	0.00	0.00
31XX Food Services	72308.43	72308.43	XXXXXXXX	0.00	0.00	0.00
32XX Enterprise Services	431.64	431.64	XXXXXXXX	0.00	0.00	0.00
35XX Extracurricular-Athletics	8962.98	8962.98	XXXXXXXX	0.00	0.00	0.00
62XX Resource Transfers	6243.50	6243.50	XXXXXXXX	0.00	0.00	0.00
Totals S.D. No. 1	992414.15	943357.99	36272.21	12783.95	0.00	0.00
Direct Costs Reclassified Indirect Costs-See Instructions	XXXXXXXX	-5000.00	5000.00	XXXXXXXX	XXXXXXXX	XXXXXXXX
Direct or Indirect Costs Reclassified as Excluded Costs See instructions	XXXXXXXX	-1000.00	-800.00	1000.00		800.00
Adjusted Totals	992414.15	937357.99	40472.21	13783.95	0.00	800.00

Line A	Preliminary Indirect Cost Rate [C divided by B] 36272.21/943357.99	3.85 %
Line B	Requested Indirect Cost Rate [Adjusted C divided by Adjusted B]	4.32 %
Line C	Carry Forward Adjustment: Line A or Line B less FY01 Rate 4.32 – 4.75	-.43 %
Line D	Final Rate After Carry Forward Adjustment	3.89 %

Total expenditures include the general fund and special revenue funds (funds numbered less than 50) and exclude residual equity transfers and operating transfers. Only costs in Fund 01, 14, 24, 25, 26, 28, and 29 and the indirect cost recovery project in Fund 15 may be reclassified as indirect costs. Functions blocked out with X's may not be reclassified as indirect costs. Termination and severance pay must be reclassified from direct to indirect costs.

INSTRUCTIONS - CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE-continued

INSTRUCTIONS TO CALCULATE AN ADJUSTED RATE:

Direct Costs Reclassified as Indirect Costs:
The preliminary rate calculated from the district's FY01 Trustees' Financial Summary classifies all costs accounted for in function 23XX and the Miscellaneous Program Fund (15) as direct. If the district is, in fact, accounting for some of these costs as indirect costs, they should be reclassified on the form from column (B) to column (C). Review expenditures in function code 23XX General Administration for the General (01), Retirement (14), Metal Mine Tax Reserve (24), State Mining Impact (25), Impact Aid (26), Technology (28), and Flexibility (29) funds to determine if any of the following costs currently classified as direct costs should be classified as indirect costs: auditing if spending more than $300,000 in federal funds, accounting, budgeting, payroll, personnel management, purchasing, employee relations, labor negotiation contracts, termination or severance pay, mailrooms, word processing pools, computer networks, or data processing operations. If the school district has established an indirect cost pool in the "Indirect Cost Recovery" (Aggregate of Reimbursements/Program "1XX" or "271") project in the Miscellaneous Fund (15), these costs (function 23XX, 25XX, or 28XX) may also be reclassified from column (B) direct costs to column (C) indirect costs.

If any of the above costs will be reclassified as indirect costs or coding corrections are necessary, prepare a worksheet or schedule supporting the reclassification and retain the worksheet for audit. It is important to point out costs should be classified consistently from year to year. Also, if any of the above cost items are currently charged directly to federal grants, these costs may not be reclassified as indirect. For example, if a pro-rated share of the cost of an A-133 audit is currently charged directly to a federal grant, the cost may not be reclassified as indirect.

Salary and expenses related to school board operations or the superintendent's office are considered unallowable costs but are included in the base with direct costs. Accordingly, these costs MAY NOT be reclassified as indirect costs.

Enter the amount of allowable indirect costs to be reclassified from direct costs to indirect costs as a negative amount in the box provided in column B. Enter the same amount as a positive amount in the box provided in column C.

Direct or Indirect Costs Reclassified as Excluded Costs:
Review expenditures in any function code for the general and special revenue funds (funds numbered less than 50) for costs which should be excluded from the rate computation. Prepare a worksheet or schedule listing excluded costs. Such cost include expenses for capital outlay, debt service and interest, and other expenditures, such as contributions and donations, bad debts, contingencies, entertainment, fines and penalties, judgements, operating transfers, and residual equity transfers. Retain the worksheet or schedule for audit.

Enter the amount of excluded costs to be reclassified from direct or indirect categories as a negative amount in the box provided in column B or column C. Enter an equal amount as a positive amount in the boxes provided in columns D, E, or F as appropriate.

Calculating the Adjusted Rate:
Calculate adjusted column totals. The totals in Columns B,C,D,E, and F must equal the total in Column A. Calculate the adjusted rate by dividing the adjusted total of column C by the adjusted total of column B and enter it in the box provided. Enter this rate on the certification form if it differs from the original "preliminary indirect cost rate" provided by OPI.

Submitting the Indirect Cost Proposal:
Submit a signed Certification form and a copy of Schedule A if an adjusted rate has been requested by May 31st. Include worksheets, schedules, and other supporting documentation which might expedite the approval of the proposal. The completed application should be mailed to: School Accounting and Budgeting Division, Office of Public Instruction, PO Box 202501, Helena, Montana 59620-2501.

RECORDING INDIRECT COST RECOVERIES

Example: Assume the Title I grant award is $100,000. You have budgeted $90,000 salaries and benefits, $2,233 of operating expenses, and $5,000 of equipment. The IDC rate is 3.00%. That means you budget [(3%/103%) X (100,000-5000)] = $2766.99 as IDC recoveries. The project reporter code used here is 123, but you could assign any three digit number other (than the 900's) that you choose.

1. Receive the grant revenue in as usual. The indirect cost recoveries are included in the amount. OPI does not split the payment out for indirects.

Fund 15			
Debit:	101 Cash		$100,000
Credit:	402 Revenue Control		$100,000
Revenue Subsidiary Ledger			
Credit:	4510-123	(Use whatever grant revenue code applies)	$100,000

2. Pay normal program expenditures: (assume only $91,000 of award was spent)

Fund 15			
Debit:	802	Expenditures Control	$91,000
Credit:	101	Cash or 601 Warrants Payable	$91,000
Expenditure Subsidiary Ledger			
Debit:	X15-291-1XXX-XXX-123 Use exp. coding as appropriate		$86,000
Debit:	X15-291-1XXX-7XX-123 Equipment		$ 5,000

3. When expenditures have been made, transfer the indirect cost recoveries out of the project into the indirect cost project in fund 15. REMEMBER: The IDC rate can only be applied to actual expenditures less equipment expenditures and subgrants. In this example, that would be $86,000 X .03 = $2580.

Fund 15			
Debit:	802	Expenditure Control	$2,580
Credit:	402	Revenue Control	$2,580
Subsidiary accounts			
Expenditures:			
Debit:	X15-291-**62XX-940**-123 Indirect Cost Recovery		$2,580
Revenues:			
Credit:	X15-**4930**-222	Indirect Cost Revenue	$2,580

This transaction records indirect cost recovery taken as an expenditure in the grant project and as revenue in the Indirect Cost Recovery project. Notice a unique project reporter code is used for the indirect cost recovery "pool." Used appropriately, this money is intended to pay for costs of administration and operations which cannot be reasonably allocated directly to one particular program or grant (i.e., indirect costs). However, there is no specific legal restriction addressing what it can be used for.

4. In this example, $6420 ($100,000-91,000-2,580 = 6,420) was not spent and would have to be refunded to OPI.

5. Reminder: IDC recoveries are not required. Claiming IDC recoveries reduces the amount available for direct expenditures on the grant.

INSTRUCTIONS – CERTIFICATION AND REQUEST FOR AUTHORIZED INDIRECT COST RATE – continued

Worksheet to Calculate Percentage of Superintendent time according to performance of Direct and Indirect Functions

Last Week of Quarter (Month/Day/Yr)_____ through First Week of Quarter (Month/Day/Yr) _____

Direct Activites:	Hours Day 1	Hours Day 2	Hours Day 3	Hours Day 4	Hours Day 5	Hours Day 6	Hours Day 7	Hours Day 8	Hours Day 9	Hours Day 10	Total Hours
1. General Administration											
2. Direct Instruction											
3. Instructional Support											
4. Pupil Related Services Hlth, Trans, Lunch,											
5. Oper & Main of Plant											
6. Community Service											
7. Other:											
Total Hours–Direct Activity											
Indirect Activities:											
8. Payroll											
9. Purchasing											
10. Inventory											
11. Accounting											
12. Financial Reports											
13. Personnel Relations											
14. Other											
Total Hours-Indirect Activity											
Grand Total Hours											
Indirect Hours divided by Grand Total Hours = % of Time Spent on Indirect Act										A	%
Cost of Supt Office										B	
A X B = C Amount to Reclassify as Indirect on Schedule A (Cannot exceed 30% of the Cost of Supt Office shown in B)										C	

_____ _____

Signature of School Superintendent Date

I certify the above information related to the Superintendent's time is true and correct to the best ofmy understanding and is based on first hand knowledge of time spent as reported.

_____ _____

Signature of School Board Chairman Date

Linda McCulloch, Superintendent
Office of Public Instruction
Department of Education Services
PO Box 202501
Helena, MT 59620-2501

ESEA Federal Programs Checklist

(for Titles I, II, IV, VI, and Reduced Class Size)

This checklist serves as a quick-reference chart of paperwork to be completed by local education agencies to apply for federal funds and to close out a project. For information on other forms (budget modification, cash advance request, etc.), refer to the State and Federal Grants Handbook provided to you by OPI.

ESEA Federal Programs Checklist for 2001-2002

Paperwork	Due Date	Check When Completed
ESEA Title I Programs		
Final Program Report	Nov 10	
Fiscal Closeout Report (including refund, if any)	Nov 10	
Reallocated Application (if applying)	Oct 15	
ESEA Title II – Eisenhower Professional Development		
Final Program Report	Nov 10	
Fiscal Closeout Report (including refund, if any) (match MUST be shown)	Nov 10	
ESEA Title IV – Safe and Drug-Free Schools and Communities		
Final Closeout Report (for base grants) (including refund, if any)	Nov 10	
Final Program Report (for greatest need grants)	Nov 10	
Fiscal Closeout Report (for greatest need grants) (including refund, if any)	Nov 10	
ESEA Title VI – Improving Education/Innovative Education		
Fiscal Closeout Report (including refund, if any)	Nov 10	
Final Program Report: report only substantial changes to page 14 information	Nov 10	
Reduced Class Size Initiative		
Fiscal Closeout Report (including refund, if any)	Nov 10	
Final Program Report (Annual Report to Parents)	Nov 10	
Gun-Free Schools Reporting Required for all Federal Programs		
Suspension/Expulsion Log	June 19	

Note: Projects may close out by June 30, but not later than September 30. The "Due Date" in this checklist is the absolute latest date when reports are due. After this date, funds may be withheld from a district until the reports are submitted or request for funds may be denied.

Linda McCulloch, Superintendent
Office of Public Instruction
Department of Education Services
PO Box 202501
Helena, MT 59620-2501

ESEA Federal Programs Checklist

This checklist serves as a quick-reference chart of paperwork to be completed by local education agencies to apply for federal funds and to close out a project. For information on other forms (budget modification, cash advance request, etc.), refer to the State and Federal Grants Handbook provided to you by OPI.

ESEA Federal Programs Checklist for 2002-2003

Paperwork	Due Date	Check When Completed
ESEA Title I, Part A - Improving Basic Programs		
Consolidated Application	May 30	
Final Program Report	Nov 10	
Fiscal Closeout Report (including refund, if any)	Nov 10	
Reallocated Application (if applying)	Oct 15	
ESEA Title II, Part A - Teacher and Principal Training and Recruiting Fund		
Consolidated Application	May 30	
Final Program Report	Nov 10	
Fiscal Closeout Report (including refund, if any)	Nov 10	
ESEA Title II, Part D - Educational Technology		
Consolidated Application	May 30	
Final Program Report	Nov 10	
Fiscal Closeout Report	Nov 10	
ESEA Title IV, Part A - Safe and Drug-Free Schools and Communities		
Consolidated Application	May 30	
Fiscal Closeout Report (including refund, if any)	Nov 10	
ESEA Title V, Part A - Innovative Programs		
Consolidated Application	May 30	
Fiscal Closeout Report (including refund, if any)	Nov 10	
ESEA Title VI, Part B, Subpart 2 - Rural Low-Income Schools		
Consolidated Application	May 30	
Final Program Report	Nov 10	
Fiscal Closeout Report (including refund, if any)		
Gun-Free Schools Reporting Required for all Federal Programs		
Suspension/Expulsion Log	June 19	

Note: Projects may close out by June 30, but not later than September 30. The "Due Date" in this checklist is the absolute latest date when reports are due. After this date, funds may be withheld from a district until the reports are submitted or request for funds may be denied.

Office of Public Instruction
Linda McCulloch, Superintendent
PO Box 202501
Helena, MT 59620-2501

March 2002
Common Assurances for Federal Programs—Certification

District or Agency Name: **CO:**

The authorized representative for federal programs listed below is the: **LE:**

In addition, if a member of a special education cooperative, the authorized representative for federal special education funds is the:

Each legal entity, district, cooperative or agency that participates in one or more of the programs listed below MUST complete and return this form to the Office of Public Instruction (OPI) prior to the award of funds for any U.S. Department of Education administered program. **Submission of this form is not an application for funds and does not obligate the applicant or OPI for the programs. The following pages consolidate common assurances required by federal law that apply to the federal programs listed below. Additional specific program assurances may be included in the application or program plan for that individual program. If you have questions, please contact the OPI specialist listed as contact on the program descriptions that accompany this form.**

Common Assurances

The Common Assurances listed in items 1-21 apply to all programs administered by the U.S. Department of Education through the Office of Public Instruction, including all programs found in the following Acts:

ESEA Reauthorized by the No Child Left Behind Act of 2001, Pub. L. No. 107-110, 115 Stat. 1425
Individuals with Disabilities Education Act (IDEA), Part B, 20 USC §1400
Carl D. Perkins Vocational and Technical Education Act, 20 USC §2301
Workforce Investment Act, 29 USC §2801
Adult Basic Literacy Education, 42 USC §4959
General Education Provisions Act (GEPA), 20 USC §1221
Pro-Children's Act of 2001, Pub. L. No. 107-110, §9532, 115 Stat. 1984

Certification: I certify that the Common Assurances for Federal Programs and Specific Program Assurances for those programs in which this legal entity, district, cooperative, or agency participates are accepted as the basic conditions for local participation and assistance in the operation of the projects/programs listed above. I also authorize the representative(s) designated above to make representations and commitments on behalf of the applicant under the provisions of each program.

Printed Name of Board Chair or Executive Officer	District/Applicant Name
Signature of Board Chair or Executive Officer	Date

Retain a copy of this entire document.	**Please return this page no later than May 30, 2002, to:** Office of Public Instruction Attn: Carol Gneckow PO Box 202501 Helena, MT 59620-2501	Return *only this page* to OPI.

Office of Public Instruction
Linda McCulloch, Superintendent
PO Box 202501
Helena, MT 59620-2501

COMMON ASSURANCES FOR FEDERAL PROGRAMS

2002

The applicant, by signature of its Board Chair or Executive Officer on page 1 of this document, hereby assures the Montana Office of Public Instruction that the applicant will adhere to the following:

General

1. That each program will be administered in accordance with all applicable statutes, regulations, program plans, and applications [see Pub. L. No. 107-110 §9306(a)(1), 115 Stat. 1971].

2. That the applicant will adopt and use proper methods of administering each such program, including the enforcement of any obligations imposed by law on agencies, institutions, organizations and other recipients responsible for carrying out each program; and the correction of deficiencies in program operations that are identified through audits, monitoring, or evaluation [see Pub. L. No. 107-110 §9306(a)(3), 115 Stat. 1971].

3. No policy of the district prevents, or otherwise denies participation in, constitutionally protected prayer in public elementary and secondary schools per guidance of the Secretary of the U.S. Department of Education [see Pub. L. No. 107-110 §9524, 115 Stat. 1980].

4. No school or district that has a designated open forum or a limited public forum denies equal access or a fair opportunity to meet with, or discriminate against, any group officially affiliated with the Boy Scouts of America, or any other youth group listed in title 36 of the United States Code, that wishes to conduct a meeting within that designated open forum or limited public forum including denying such access or opportunity or discriminating for reasons based on the membership or leadership criteria or oath of allegiance to God and country of the Boy Scouts of America or of the youth group listed in title 36 of the United States Code [see Pub. L. No. 107-110 §9525, 115 Stat. 1981].

5. None of the funds under ESEA will be used for schools to develop or distribute, or operate programs or courses of instruction directed at youth that promotes or encourages sexual activity, distribute or aid in the distribution of obscene materials to minors on school grounds, provide sex education or HIV-prevention education unless that instruction is age appropriate and includes the health benefit of abstinence or to operate a program of contraceptive distribution in schools [see Pub. L. No. 107-110 §9526, 115 Stat. 1982].

6. Notwithstanding section 444(a)(5)(B) of the General Education Provisions Act and except that a student or parent of a student may request that the information not be released without written parental consent, each school receiving assistance under ESEA shall provide, on a request made by military recruiters or an institution of higher education, access to secondary student names, addresses, and telephone listings. Each school shall provide military recruiters the same access to secondary students as is provided generally to postsecondary educational institutions or to prospective employers of those students. Each district shall notify parents of the option to not release student information without prior written parental consent and shall comply with any request to do so [see Pub. L. No. 107-110, §9528, 115 Stat. 1983].

7. Any student determined to be attending a "persistently dangerous school" as defined by the Office of Public Instruction or who becomes a victim of a violent criminal offense, as determined by state law, while in or on the grounds of a public elementary or secondary school that the student attends, will be allowed to attend a safe public elementary or secondary school within the local school district [see Pub. L. No. 107-110 §9532, 115 Stat. 1984].

8. That no person shall permit smoking within any indoor facility (or portion of such facility) owned or leased or contracted for, and utilized by such person for the provision of routine or regular kindergarten, elementary or secondary education, library services, routine health care, day care or early childhood development services [see Pub. L. No. 107-110 §4303, 115 Stat. 1774].

Funding, Fiscal Controls, Record Keeping and Reports

9. That the control of funds provided under each such program and title to property acquired with program funds will be in a public agency or in a nonprofit private agency institution, organization, or Indian tribe, if the law authorizing the program provides for assistance to such entities; and the public agency, nonprofit private agency, institution or

organization, or Indian tribe will administer such funds and property to the extent required by authorizing statutes [see Pub. L. No. 107-110 §9306(a)(2)(A)(B), 115 Stat. 1971].

10. That the applicant will cooperate in carrying out any evaluation of each such program conducted by or for the state superintendent of public instruction and the secretary or other federal officials [see Pub. L. No. 107-110 §9306(a)(4), 115 Stat. 1971].

    That expenditures of $300,000 or more in a year in federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of OMB Circular A-133 (OMB Circular A-133).

    That federal awards are expended only for allowable activities and that the costs of goods and services charged to federal awards are allowable and in accordance with the applicable cost principles (20 USC 3474; OMB Circular A-102).

    That the draw down of federal cash is only for immediate needs (20 USC 3474; OMB Circular A-102).

    That proper records are maintained for equipment acquired with federal awards, equipment is adequately safeguarded and maintained, disposition or encumbrance of any equipment or real property is in accordance with federal requirements, and the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use (20 USC 3474; OMB Circular A-102).

    That matching, level of effort, or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued (20 USC 3474; OMB Circular A-102).

    That federal funds are used only during the authorized period of availability (20 USC 3474; OMB Circular A-102) [Pub. L. No. 107-110 §9201, 115 Stat. 1966].

    That procurement of goods and services are made in compliance with the provisions of the A-102 Common Rule or OMB Circular A-110, as applicable, and that no subaward, contract, or agreements for purchases of goods or services is made with any debarred or suspended party (20 USC 3474; OMB Circular A-102).

    That program income is correctly earned, recorded, and used in accordance with the program requirements (20 USC 3474; OMB Circular A-102).

    That reports of federal awards submitted to the pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements (20 USC 3474; OMB Circular A-102).

    That required audits are obtained and appropriate corrective action is taken on audit findings (20 USC 1221e-3 & 3474; OMB Circulars A-102, & A-133).

11. That the applicant will use such fiscal control and fund accounting procedures as will ensure proper disbursement of, and accounting for, federal funds paid to such applicant under each such program [Pub. L. No. 107-110 §9306(a)(5), 115 Stat. 1971] in accordance with state school accounting and reporting policies as applicable (School Accounting Manual).

12. That the local education agency will make reports to the state superintendent of public instruction and to the secretary as may reasonably be necessary to enable the state education agency and the secretary to perform their duties and that the local education agency will maintain such records for three years and the current year or as required in school districts in the School District Records Schedule (Schedule No. 7) published by the Montana Department of Administration and provide access to those records, as the superintendent or secretary deem necessary to perform their duties [see Pub. L. No. 107-110 §9306(a)(6), 115 Stat. 1971].

13. That in the case of any project involving construction, the project is not inconsistent with overall state plans for the construction of school facilities, and in developing plans for construction due consideration will be given to excellence of architecture and design and to compliance with Appendix A of Part 36 of Title 28, Code of Federal Regulations (Americans With Disabilities Accessibility Guidelines for Buildings and Facilities) or Appendix A of Part 101-19.6 of Title 41, Code of Federal Regulations (Uniform Federal Accessibility Standards).

14. That none of the funds expended under any applicable program will be used to acquire equipment (including computer software) in any instance in which such acquisition results in a direct financial benefit to any organization representing the interests of the purchasing entity or its employees or any affiliate of such organization [see Title XX of GEPA, 20 USC §2342(c)(11)].

15. Laborers and mechanics employed by contractors or subcontractors to work on construction projects financed using federal assistance must be paid wages not less than those established for the local project area by the Secretary of Labor. [Davis Bacon Act, 40 Stat. 1494, 40 USC 276a-276a-s]

Participation

16. That before each application is submitted, the applicant will afford a reasonable opportunity for public comment on the application and has considered such comment [see Pub. L. No. 107-110, §9306](a)(7), 115 Stat. 1971].

17. That the applicant is in compliance with the federal regulations 34 CFR 75.650 [see Pub. L. No. 107-110, §9501(a)(1), 115 Stat. 1975] governing private school participation which require that public school subgrantees provide students enrolled in private schools with a genuine opportunity for equitable participation should private schools in the subgrantee's district wish to participate in federal programs. That the applicant who is in receipt of ESEA funding is in compliance with nonpublic school requirements including timely and meaningful consultation with appropriate nonpublic school officials (Title IX, Part E, ESEA).

Nondiscrimination

18. That the applicant assures that it will comply with Title VI of the Civil Rights Act of 1964, as amended, 42 USC §2000d et seq., which prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving federal financial assistance; and Section 504 of the Rehabilitation Act of 1973, as amended, 29 USC §794, which prohibits discrimination on the basis of handicap in programs receiving federal financial assistance; and Title IX of Education Amendments of 1972, as amended, 20 USC §1681 et seq., which prohibits discrimination on the basis of sex in education programs receiving federal financial assistance; and the Age Discrimination Act of 1975, as amended, 42 USC §6101 et seq., which prohibits discrimination on the basis of age in programs receiving federal financial assistance; and all regulations, guidelines, and standards lawfully adopted under the above statutes by the U.S. Department of Education.

Gun-Free Schools

19. That the applicant is in compliance with the Gun-Free Schools Act requirements of §20-5-202, MCA.

Debarment and Suspension

20. That the applicant certifies that it is not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation by any federal department or agency, and agrees that it will not knowingly enter into any subcontract or subgrant with a person or agency who is debarred, suspended, declared ineligible or voluntarily excluded from participation by any federal department or agency. If the applicant is unable to provide this certification, an explanation must be attached (see statutory detail in 34 CFR §85.105 and 85.110).

Lobbying and Political Activity

21. That the applicant certifies that federal funds will not be used for partisan political purposes of any kind by any person or organization involved in the administration of federally assisted programs. [Hatch Act (S USC 1501-508) and Intergovernmental Personnel Act of 1970, as amended by Title VI of Civil Services Reform Act (Pub. L. No. 95-454, §4728)]:
    a. federal funds received for programs covered by this common assurance form will not be used to influence or attempt to influence an officer or employee of any agency, a Member, officer, or employee of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with awarding of any federal contract; making any federal grant or loan; entering into any cooperative agreement; and extending, continuing, renewing, amending, or modifying any federal contract, grant, loan, or cooperative agreement.
    b. if funds other than federally appropriated funds have been or will be paid to any person for influencing or attempting to influence any of the parties named above, Standard Form LLL, "Disclosure Form to Report Lobbying" will be completed and submitted in accordance with its instructions and returned to OPI.
    c. the language of this section will be included in any subcontracts entered into for funds received under programs covered by this common assurance form, and ensure that all subcontractors certify and disclose accordingly (see statutory detail 34 CFR §82).

Specific Program Assurances

If participating in any of the programs listed below, the applicant, by signature of its Board Chair or Executive Officer on the first page of this document, assures the Montana Office of Public Instruction that the applicant will adhere to the following specific program assurances in addition to the previously listed common assurances:

MONTANA READING EXCELLENCE ACT PROGRAM

1. The local education agency (district):

   a. will carry out professional development for the classroom teacher and other instructional staff on the teaching of reading based on scientifically based reading research;

   b. will provide family literacy services based on programs such as Even Start Family Literacy model authorized under Part B of Title I, to enable parents to be their child's first and most important teacher [Pub. L. No. 107-110, §1111(c)(14), 115 Stat. 1444];

   c. will carry out programs to assist those kindergarten students who are not ready for the transition to first grade, particularly students experiencing difficulty with reading skills; and

   d. will use supervised individuals (including tutors), who have been appropriately trained using scientifically based reading research, to provide additional support, before school, after school, on weekends, during noninstructional periods of the school day, or during the summer, for children preparing to enter kindergarten and students in kindergarten through grade three who are experiencing difficulty reading.

2. The local education agency (district) shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school selected to receive assistance under subsection (d)(1) in the geographic area served by the local educational agency, information regarding the professional qualifications of the student's classroom teacher to provide instruction in reading.

TITLE I: Improving the Academic Achievement of the Disadvantaged
Part A—Improving Basic Programs Operated by Local Education Agencies

1. That the applicant will inform eligible schools and parents of schoolwide project authority and the ability of such schools to consolidate funds from federal, state, and local sources [Pub. L. No. 107-110 §1112(c)(1)(A), 115 Stat. 1465].

2. That the applicant will provide technical assistance and support to schoolwide programs [Pub. L. No. 107-110 §1112(c)(1)(B), 115 Stat. 1465].

3. That the applicant will work in consultation with schools as the schools develop the schools' plans pursuant to Pub. L. No. 107-110 §1112(c)(1)(C), 115 Stat. 1465 and assist schools as the schools implement such plans or undertake activities pursuant to Pub. L. No. 107-110 §1112(c)(1)(C), 115 Stat. 1465 so that each school can make adequate yearly progress toward meeting the state content standards and state student performance standards.

4. That the applicant will fulfill such agency's school improvement responsibilities under Pub. L. No. 107-110 §1116, 115 Stat. 1478, including taking corrective actions under paragraphs (7) and (8) of Pub. L. No. 107-100 §1116(b), 115 Stat. 1478 [Pub. L. No. 107-110, §1112(c)(1)(D), 115 Stat. 1465].

5. That the applicant will provide services to eligible children attending private elementary and secondary schools in accordance with Pub. L. No. 107-110 §1120, 115 Stat. 1508 [Pub. L. No. 107-110 §1112(c)(1)(E), 115 Stat. 1465], and timely and meaningful consultation with private school officials regarding such services.

6. That the applicant will take into account the experience of model programs for the educationally disadvantaged, and the findings of relevant scientifically based research indicating that services may be most effective if focused

on students in the earliest grades at schools that receive funds under this part [Pub. L. No. 107-110 §1112(c)(1)(F), 115 Stat. 1465].

7. That if an LEA chooses to use funds under this part, the applicant will provide early childhood development services to low-income children below the age of compulsory school attendance, and ensure that such services comply with the performance standards established under Section 641A(a) of the Head Start program [Pub. L. No. 107-110 §1112(c)(1)(G), 115 Stat. 1465].

8. That the applicant will work in consultation with schools as the schools develop and implement their plans or activities under Pub. L. No. 107-110 §1118 and §1119, 115 Stat. 1501-1508 [Pub. L. No. 107-110 §1112(c)(1)(H), 115 Stat. 1465].

9. That the applicant will comply with the requirements of Pub. L. No. 107-110 §1119, 115 Stat. 1505 [Pub. L. No. 107-110 §1112(c)(1)(I), 115 Stat. 1465] regarding the qualifications of teachers and paraprofessionals and professional development.

10. That the applicant will inform eligible schools of the local educational agency's authority to obtain waivers on the school's behalf under Title IX [Pub. L. No. 107-110 §1112(c)(1)(J), 115 Stat. 1465].

11. That the applicant will coordinate and collaborate to the extent feasible and necessary, as determined by the local education agency (LEA), with the state education agency and other agencies providing services to children, youth, and families with respect to a school in school improvement, corrective action, or restructuring under Pub. L. No. 107-110, §1116, 115 Stat 1478 if such a school requests assistance from the local educational agency in addressing major factors that have significantly affected student achievement at the school [Pub. L. No. 107-110 §1112(c)(1)(K), 115 Stat. 1465].

12. That the applicant will ensure, through incentives for voluntary transfers, the provision of professional development, recruitment programs, or other effective strategies, that low-income students and minority students are not taught at higher rates than other students by unqualified, out-of-field, or inexperienced teachers [Pub. L. No. 107-110 §1112(c)(1)(L), 115 Stat. 1465].

13. That the applicant will participate, if selected, in the State National Assessment of Educational Progress in 4th and 8th grade reading and mathematics carried out under section 411(b)(2) of the National Education Statistics Act of 1994 [Pub. L. No. 107-110 §1112(b)(F), 115 Stat. 1465].

14. That the applicant will use the results of the student academic assessments required under Pub. L. No. 107-110, 115 Stat. 1425 and other measures or indicators available to the agency, to review annually the progress of each school served by the agency and receiving funds under this part to determine whether all of the schools are making the progress necessary to ensure that all students will meet the state's proficient level of achievement on the state academic assessments described in Pub. L. No. 107-110, 115 Stat. 1425 within 12 years from the baseline year described in Pub. L. No. 107-110 §1112(c)(1)(M), 115 Stat. 1466.

15. That the applicant will ensure that the results from the academic assessments required under Pub. L. No. 107-110 §1111(b)(3), 115 Stat. 1454 will be provided to parents and teachers as soon as is practicably possible after the test is taken, in an understandable and uniform format and, to the extent practicable, provided in a language that the parents can understand [Pub. L. No. 107-110, §1112(c)(1)(N), 115 Stat. 1466].

16. That the applicant assist each school served by the agency and assisted under this part in developing or identifying examples of high-quality, effective curricula consistent with Pub. L. No. 107-110 §1111(b)(8)(D) [Pub. L. No. 107-110 §1112(c)(1)(O), 115 Stat. 1466].

17. That the applicant has established and implemented: (1) a local educational agency wide salary schedule; (2) a policy to ensure equivalence among schools in teachers, administrators, and other staff; and (3) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies [Pub. L. No. 107-110 §1120A(c)(2), 115 Stat. 1512].

SPECIFIC PROGRAM ASSURANCES (CONT.)

18. That the state educational agency or local educational agency shall use federal funds received under this part only to supplement the funds that would, in the absence of such federal funds, be made available from non-federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.

TITLE I, Part C-Education of Migratory Children

That the applicant assures that the special education and/or supportive services needs of migratory children have been identified, addressed and met prior to using any Part C funds for a schoolwide program and that migrant parental consent has been given and documented before using MEP funds for schoolwides. Additionally, any use of MEP funds in schoolwides must be done in consultation and with the approval of the SEA MEP [Pub. L. No. 107-110 §1304, 115 Stat. 1574].

TITLE II: Preparing, Training and Recruiting High Quality Teachers and Principals Part A-Teacher and Principal Training and Recruiting Fund

1. That the applicant will target Title II, Part A funds to schools with the lowest proportion of highly qualified teachers; have the largest class sizes; or are identified for school improvement under Title I [Pub. L. No. 107-110 §2122(b)(3), 115 Stat. 1628]. A highly-qualified teacher is one certified by the State of Montana and endorsed in the grade levels and subjects taught [Pub. L. No. 107-110 §9101(23), 115 Stat. 1959].

2. That Title II, Part A services for students enrolled in both private and public schools are provided on an equitable basis and that annually the district will make every reasonable effort to offer Title II services to children enrolled in known private schools within the district [Pub. L. No. 107-110 §2122(b)(11), 115 Stat. 1629].

3. That all Title II, Part A professional development activities will be decided by a committee and will be based upon scientifically researched practices and a data-driven local needs assessment [Pub. L. No. 107-110 2122(b)(6), 115 Stat. 1628]. That the committee will be composed of teachers, paraprofessionals, principals, other relevant school staff, and parents [Pub. L. No. 107-110 §2122(b)(7), 115 Stat. 1628].

4. That the district will use Title II, Part A funds only to supplement, not supplant, funds from non-Federal sources that would otherwise be used for activities authorized under Title II, Part A [Pub. L. No. 107-110 §2123(b), 115 Stat. 1632].

5. That teachers hired with these funds are highly qualified and meet the requirements of the law [Pub. L. No. 107-110 §2123 (a)(2) and (7), 115 Stat. 1629 and 1631]. A highly qualified teacher is one certified by the State of Montana and endorsed in the grade levels and subjects taught [Pub. L. No. 107-110 §9101(23), 115 Stat. 1959].

TITLE II, Part D-Enhancing Education Through Technology

1. That the applicant will have a new or updated local long-range strategic educational technology plan that is consistent with the objectives of the statewide educational technology plan [Pub. L. No. 107-110 §2414, 115 Stat. 1676]. The technology plan shall also include:

   a. a description of how the applicant will use Title II, Part D funds to improve student academic achievement, including the technology literacy of all students, and to improve the capacity of teachers to integrate technology effectively into curricula and instruction;

   b. the applicant's specific goals for using advanced technology to improve student academic achievement, aligned with state content and performance standards;

   c. the steps that will be taken to ensure that all students and teachers have increased access to educational

technology, including how the LEA will use funds under Title II, Part D with funds from other sources to ensure that:
1) Students in high-poverty and high-needs schools will have access to technology, and
2) Teachers are prepared to integrate technology effectively into curricula and instruction;

d. a description of how the applicant will identify and promote curricula and teaching strategies that integrate technology effectively into curriculum instruction, based on a review of relevant research, leading to improvements in student academic achievement;

e. provide ongoing, sustained professional development for district staff to further the effective use of technology in the classroom or library media center (a minimum of 25 percent of funds received must be used for professional development);

f. a description of the type and costs of technologies to be acquired under this funding including services, software and digital curricula, and including specific provisions for interoperability among components of such technologies;

g. a description of how the activities provided with funds from this part will be coordinated with funds available from other federal, state and local sources;

h. a description of how technology will be integrated into curricula and instruction and a timeline for such integration;

i. a description of how the applicant will encourage the development and utilization of innovative strategies for the delivery of specialized or rigorous academic courses and curricula through the use of technology, including distance learning technologies, particularly for areas that would not otherwise have access to such courses and curricula due to geographical isolation or insufficient resources;

j. a description of how the applicant will ensure the effective use of technology to promote parental involvement and increase communication with parents, including how parents will be informed of the technology being applied in their child's education so that the parents are able to reinforce at home the instruction their child receives at school;

k. a description of how programs will be developed, where applicable, in collaboration with adult literacy service providers to maximize the use of technology;

l. a description of the process and accountability measures that will be used to evaluate the extent to which activities funded are effective in integrating technology into the curricula and instruction, increasing the ability of teachers to teach, and enabling students to meet challenging state academic content and performance standards; and

m. a description of the supporting resources (services, software and other electronically delivered learning materials, and print resources) that will be acquired to ensure successful and effective uses of technology.

2. That the applicant will certify (annually) that if funds under this part are used to purchase computers, software, services, supplies or materials to access the Internet, or pay for direct costs associated with accessing the Internet, the LEA has in place a policy of Internet safety [Pub. L. No. 107-110 §2441, 115 Stat. 1685, Internet Safety] for minors and staff members that:
   a. Protects (filters) against access through such computers to visual depictions that
      1) Contain obscenity;
      2) Contain child pornography; and
      3) Would be harmful to minors.
   b. Ensures the operation of such technology protection measures (filter) during use of such computers (especially by minors).

3. That the applicant will certify that funds received under this part will supplement, not supplant, state and local funds.

SPECIFIC PROGRAM ASSURANCES (CONT.)

TITLE III: Language Instruction for Limited English Proficient and Immigrant Students
Part A-English Language Acquisition, Language Enhancement and Academic Achievement

1. That the LEA will consult with parents of the children to be served in developing the program, and that parental permission will be obtained to serve students in the program.

2. That the LEA will assess limited English proficient students annually [Pub. L. No. 107-110 §3116(d), 115 Stat. 1700].

TITLE IV: 21st Century Schools
Part A-Safe and Drug-Free Schools and Communities

1. That 20 USC §7115 and §7116 of the Safe and Drug-Free Schools and Communities Act regarding:

   - timely, meaningful, and continued consultation with state and local government, school staff, parents, community based organizations and others;
   - analyzing current use of tobacco, alcohol and controlled, illegal and addictive or harmful substances and violence, safety and discipline problems among students who attend the schools of the applicant, and that the analysis is based on ongoing local assessment or evaluation activities;
   - adopting and implementing a comprehensive drug and violence prevention program in the schools that conveys a clear and consistent message that violence and illegal drug use are wrong and harmful, that complies with the Principles of Effectiveness and fosters a safe and drug-free learning environment.
   - developing an evaluation and reporting system that includes the prevalence of drug use and violence by youth in the schools and the community; and
   - coordinating the local plan for drug and violence prevention with other IASA federally funded programs in which the district participates and with other community programs.

2. That the applicant assures that it has reviewed curricula it intends to use and that such curricula will meet the needs of the schools served by the applicant; and assures that the LEA program is an age-appropriate, developmentally based drug abuse and violence education and prevention program for students throughout all grades of the schools (from early childhood through grade 12) operated or served by the applicant [Pub. L. No. 107-110 §4115, 115 Stat. 1745].

3. That the applicant assures that its local drug and violence prevention program is a comprehensive program designed for all students and employees to create a disciplined environment conducive to learning, prevent violence and promote school safety, prevent the use, possession and distribution of tobacco, alcohol and illegal drugs by students, and prevent the illegal use, possession and distribution of those substances by employees [Pub. L. No. 107-110 §4115, 115 Stat. 1745].

4. That the applicant assures that it has a safe schools plan in place that includes: school discipline policies, security procedures at school and while students are on the way to and from school, a crisis management plan for responding to traumatic incidents on school grounds, and a code of conduct policy for all students [Pub. L. No. 107-110 §4114(d)(7), 115 Stat. 1744].

5. That the funds will be used to supplement and not supplant other non-federal funds that would be otherwise available.

TITLE IV: 21st Century Schools
Part B-21st Century Community Learning Centers

1. That the program will take place in a safe and easily accessible facility [Pub. L. No. 107-110 §4204(b)(2)(A), 115 Stat. 1770].

Specific Program Assurances (cont.)

2. That the program was developed and will be carried out in active collaboration with the schools the students attend [Pub. L. No. 107-110 §4204(b)(2)(D), 115 Stat. 1770].

3. That the program complies with the Principles of Effectiveness and fosters a safe and drug-free learning environment [Pub. L. No. 107-110 §4204(b)(2)(E), 115 Stat. 1770].

4. That the program will primarily target students who attend schools eligible for schoolwide programs under Pub. L. No. 107-110 §1114, 115 Stat. 1471 and the families of such students [Pub. L. No. 107-110 §4204(b)(2)(F), 115 Stat. 1770].

5. That the funds will be used to supplement and not supplant other non-federal funds that would be otherwise available [Pub. L. No. 107-110 §4203(a)(9), 115 Stat. 1768].

TITLE V: Promoting Informed Parental Choice and Innovative Programs
Part A-Innovative Programs

1. That Title V, Part A services for students enrolled in both private and public schools are provided on an equitable basis and that annually the district will make every reasonable effort to offer Title V, Part A services to children enrolled in known private schools within the district [Pub. L. No. 107-110 §5133(b)(5), 115 Stat. 1783].

2. That all Title V, Part A activities will be decided through systematic consultation with school personnel and parents; will be based upon scientifically researched practices and a data-driven local needs assessment; and will be evaluated annually [Pub. L. No. 107-110 §5133(b)(7) and (8), 115 Stat. 1783].

3. That the district will use Title V, Part A funds only to supplement, not supplant, funds from non-federal sources that would otherwise be used for activities authorized under Title V [Pub. L. No. 107-110 §5144, 115 Stat. 1788].

TITLE VI: Flexibility and Accountability

1. That Title VI services for children enrolled in both private and public schools are provided on an equitable basis in accordance with ESEA, as amended by Section 6402 of Pub. L. No. 103-382, and that annually the district will make every reasonable effort to offer Title VI services to children enrolled in known private schools within the district [Pub. L. No. 107-110 §6141(c)(1)(K), 115 Stat. 1880].

2. That in the design, planning and implementation of programs authorized by Title VI, the district will provide for systematic consultation with parents, teachers, and administrative personnel, and with other groups involved in the implementation of Title VI (such as librarians, school counselors, and other pupil services personnel) as may be considered appropriate by the local education agency [Pub. L. No. 107-110 §6141(c)(1)(C), 115 Stat. 1879].

3. That the district will use Title VI funds only to supplement, not supplant, funds from nonfederal sources (including, to the extent practical, to increase the level of nonfederal funding sources that would be made available in the absence of Title VI funds) [Pub. L. No. 107-110 §6141(c)(1)(L), 115 Stat. 1880].

TITLE X Repeals, Redesignations, and Amendments to Other Statutes
Part C-Homeless Education
McKinney-Vento Homeless Assistance Act 42 USC 11431, et seq.

1. That the applicant will designate an appropriate staff person, as a local education agency liaison for homeless children and youth in compliance with Pub. L. No. 107-110, Title X, Part C, Subtitle B §722(g)(1)(J), 115 Stat. 1996 and assure that such liaison follows the guidelines in (g)(6)(A).

SPECIFIC PROGRAM ASSURANCES (CONT.)

2. That LEA's in the state will adopt policies and practices to ensure that homeless children and youths are not stigmatized or segregated on the basis of their status as homeless [Pub. L. No. 107-110, Title X, Part C, Subtitle B, §722(g)(1)(J), 115 Stat. 1996].

3. That the LEA will adopt policies and practices to ensure that transportation is provided, at the request of the parent or guardian, to and from the school of origin [Pub. L. No. 107-110, Title X, Part C, Subtitle B §722(g)(1)(J)(iii), 115 Stat. 1996].

ADULT BASIC LITERACY EDUCATION [Pub. L. No. 105-220]

1. That the eligible agency will award not less than one grant to an eligible provider who offers flexible schedules and necessary support services (such as child care and transportation) to enable individuals, including individuals with disabilities, or individuals with other special needs, to participate in adult education and literacy activities, which eligible provider shall attempt to coordinate with support services that are not provided under this subtitle prior to using funds for adult education and literacy activities provided under this subtitle for support services.

2. That the funds received under this subtitle will not be expended for any purpose other than for activities under this subtitle.

3. That the eligible agency will expend the funds under this subtitle in a manner consistent with fiscal requirements in Section 241.

SPECIAL EDUCATION
Part B-Individuals with Disabilities Education Act (IDEA)

1. That the applicant will comply with the final regulations under IDEA '97 and state laws and rules governing the provision of special education and related services to eligible children with disabilities;

2. That Part B funds will be used only to pay the excess costs of providing special education and related services to children with disabilities consistent with Sections 300.184-300.185 of IDEA (34 CFR 300.230);

3. Part B funds will be used to supplement state, local and other federal funds and not to supplant those funds (34 CFR 300.230);

4. Part B funds will not be used to reduce the level of expenditures for the education of children with disabilities made by the district(s) from local, or state and local funds below the level of those expenditures for the preceding fiscal year unless the reduction is attributable to any of the exceptions allowed under IDEA (34 CFR 300.231-232);

5. The funds received under Part B will be expended in accordance with applicable provisions of IDEA (34 CFR 300.230);

6. To the extent consistent with their number and location, provision is made for the participation of private school children with disabilities by providing them with special education and related services in accordance with 34 CFR 300.450-300.462;

7. All eligible children with disabilities, beginning on their third birthday, are provided all the rights and protections guaranteed by IDEA and its implementing regulations (34 CFR 300.300); and

8. The applicant and its member districts (if the applicant is a cooperative or an applicant for a consortium) will follow the policies and procedures contained in its Program Narrative as submitted to the Division of Special Education, Office of Public Instruction, spring 2001. If any modifications to the applicant's policies and procedures are deemed necessary by the applicant, the applicant will submit the proposed modifications to the Office of Public Instruction for review prior to their adoption (34 CFR 300.182, 300.220; ARM 10.16.3220).

OFFICE OF PUBLIC INSTRUCTION
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Linda McCulloch
Superintendent

August of every other school year

TO: Title I Authorized Representatives

FROM: BJ Granbery, Division Administrator/Title I Director
Division of Educational Opportunity and Equity

RE: Comparability

The common assurances submitted by each district contains signed assurances that each district has established and implemented the following:

(1) a local education agencywide (LEA) salary schedule;

(2) a policy to ensure equivalence among schools in teachers, administrators and other staff; and

(3) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

This assurance is part of complying with the comparability requirement contained in Section 1120A, subsection (c) of Public Law 107-110, the Elementary and Secondary Education Act (ESEA), as amended by the No Child Left Behind Act of 2001.

In addition to establishing the above policies, an LEA must develop procedures for compliance with the comparability requirement and implement those procedures annually. The statute specifies biennial documentation, so the enclosed worksheet will be completed and submitted every two years. This is a submittal year.

You must use data from the beginning of the school year. You need not include unpredictable changes in student enrollment or personnel assignments that occur after the beginning of the school year. Please follow the instructions provided, complete the worksheet, and return to our office by November 30. If you have questions or need assistance, please call Gwen Smith at 444-5660 and ask for the Title I specialist assigned to your project.

Enclosures

TITLE I COMPARABILITY

A local education agency (LEA) may receive Title I Part A funds only if it uses state and local funds to provide services in project areas that are at least comparable to the services provided in school attendance areas that are not receiving Title I funds. If the LEA selects all of its school attendance areas as project areas, the LEA must use state and local funds to provide services that are substantially comparable in each project area.

A state education agency (SEA) shall consider an LEA to have met the comparability requirement if the LEA:

1. files with the SEA a written assurance that the district has established and implemented a district-wide salary schedule, a policy to ensure equivalence among schools in teachers, administrators and auxiliary personnel, and a policy to ensure equivalence among schools in provision of curriculum materials and instructional supplies;

AND

2. establishes and implements other measures for determining compliance such as student/instructional staff ratios.

Records: In Montana, each LEA files a written assurance that it has established and implemented a districtwide salary schedule and policies to ensure equivalence among schools in staffing and in the provision of materials and supplies. The LEA must also keep records to document that the salary schedule and policies were implemented and that equivalence was achieved among schools in staffing, materials, and supplies. The LEA must also establish and implement other measures for determining compliance with comparability such as student/instructional staff ratios and must maintain source documentation to support the calculations and documentation to demonstrate that any needed adjustments to staff assignments were made.

School districts fall into one of the following categories (Schools with an enrollment of less that 100 are excluded.):

1. Only one school per level in the district.

2. Districts with more than one school per level; all schools eligible for Title I and all schools being served by Title I.

3. Districts with more than one school per level; all schools eligible for Title I, but only part of them being served by Title I.

4. Districts with more than one school per level; some schools eligible for Title I and some not eligible for Title I service.

Instructions

Districts in category 1 are not required to file comparability reports.

Districts in categories 2, 3, and 4 must complete the form that follows these instructions. Return the completed form to the Title I office for review by the Title I specialists. **Due date is November 30.**

INSTRUCTIONS

NOTE: The district may divide its schools into grade span groupings. Also, if there is a significant difference in the enrollments of schools within a grade span, for example, the largest school in the grade span has an enrollment that is two times the enrollment of the smallest school in the grade span, the LEA may divide grade spans into a large school group and a small school group.

Category 2 districts will use the school(s) with the lowest percentage or numbers of children from low-income families as the nonproject schools(s).

Category 3 districts will use the school(s) eligible, but not being served as the nonproject school(s).

Category 4 districts will use the school(s) eligible, but not being served plus the noneligible school(s) as nonproject school(s).

1.	List all schools where Title I projects are operated. Schools with an enrollment of less than 100 may be excluded.
2.	List actual grade span in the school.
3.	List enrollments by school as of the beginning of this school year.
4.-5.-6.	List FTE of the instructional staff paid for with state and local funds by school as of the beginning of this school year. Instructional staff is identified as those staff persons who have a direct effect on the student's educational program, e.g., teachers, aides, tutors, principals, instructional consultants, instructional librarians and counselors. Clerical persons are not to be included. The FTE provided by state and local funds for bilingual education and *the FTE provided by supplemental state and local funds spent in any school attendance area or school for programs that meet the intent and purpose of Title I may be excluded. Also,* the excess costs of providing services to children with disabilities may be excluded. (Excess costs are costs of providing services to special education students that are over and above the average per pupil expenditure for all students, IDEA Part B; 34CFR 300.184.)
7.	Total columns 4, 5 and 6 for each building.
8.	To determine the student-staff ratio, divide column 3 by column 7.
3A.	State the average enrollment for the nonproject schools. To find this average, take the total enrollment of all nonproject schools and divide by the total number of nonproject schools.
7A.	State the average FTE of the instructional staff for the nonproject schools. To find this average, take the total FTE staff of nonproject schools and divide by the total number of nonproject schools. The same inclusions and exclusions apply as stated in numbers 4, 5 and 6 of this instruction page.
8A.	To determine the average student-staff ratio, divide column 3A by column 7A.
8B.	To determine the compliance figure, 8B, multiply 8A by 110 percent (1.10).

TITLE I COMPARABILITY
MONTANA OFFICE OF PUBLIC INSTRUCTION

District Name and No. | Legal Enity | Signature of Authorized Representative | Date

County Name and No.

1.	2.	3.	4.	5.	6.	7.	8.
Project Schools By Name:	Actual Grade Span:	Pupils Enrolled Beginning Of School Year:	FTE Teacher Staff:	FTE Administration Staff:	FTE Auxiliary Staff:	Total FTE Staff Columns 4 + 5 +6:	Column 3 Divided By Column 7:
		3A.	4A.	5A.	6A.	7A.	8A.
Average For Non-Project Schools In This Grade Span		Average	Average	Average	Average	Average	Average
						Enter here 110% of Box 8A.	8B.

Federal/State Grant Control Record

OPI policy requires a central grant file to be maintained for each state and Federal grant. Use this sheet as a cover page for a file for each grant or contracted project. Each grant file should contain this page and Section A-F below.

Grant Name:			School Yr:
Level: (circle one)		Elementary	High School
Budget #	Project Reptr. #	Treas. #	
Rev .Source Code		Expenditure Program Code	
Authorized Rep.			
Program Director			
Award/ Project Number		Grant Period (dates) -- From:	To:
Grant Amount:			
School Fiscal Year:			
CFDA Number:			
Type Grant (circle one)	Federal	State	Local
Direct or Flow Thru:			
Carry Over Allowed?(circle one)	Yes No	Is Match Required?	Yes No
Grant Specialist:		Grant Accountant:	
Phone:		Phone:	
Fax:		Fax:	
Address:		Address:	

Section A **Grant Award**

	Date
Proposal/Application	
Grant Award Notice	

Section B **Budget**

	Date	Date	Date
Budget Submitted			
Revision Submitted			

Section C **Cash Request Submitted**

	Date	Amount Requested	Annual or Periodical
(2nd req. or amdmt)			
(3nd req. or amdmt)			
(4th req. or amdmt)			

Section D **Cash Control / Match Records**

Section E **Correspondence**

Section F **Final Evaluation / Close Out Reports**

	Date	Amount
Fiscal Report		
Programmatic Report		
Refund Sent?		

Linda McCulloch, Superintendent
Office of Public Instruction
Department of Education Services
PO Box 202501
Helena, Montana 59620-2501

Annual Budget and Program Modification Request for Federal Programs

DIRECTIONS—Only a Prime Applicant should complete this form. Use a separate form for each program.

1. **Budget** modifications are required when there is:
   a. additional purchase of equipment costing $5,000 or more per unit, or
   b. a revision in the budget which results in a change in overall funding.
2. **Program** modifications are required when there is:
   a. a change in the Program Components, or
   b. a request to extend the project period to September 30 for projects scheduled to end June 30.
3. Extensions must be requested if expenditures will be incurred during the period July 1-September 30. Extensions beyond September 30 cannot be approved.
4. Requests for budget or program modifications must be submitted by June 1 for projects that end June 30, September 1 for projects that end September 30. Send to the Office of Public Instruction, Department of Education Services. Retain a copy for district files.

Prime Applicant/Fiscal Agent:	County:	☐ Elem Legal Entity: __ __ __ __ ☐ H.S. Legal Entity: __ __ __ __ ☐ K-12 Legal Entity: __ __ __ __ ☐ Other Legal Entity: __ __ __ __

Fill in the program name and project number (from the approved budget page) for which this MODIFICATION is being requested.

Federal Program Name	**Project Number**
_____	PN: __ __ - __ __ __ - __ __ - __ __ - __ __ __

Expenditures for these modifications or extension must be made using the above project number. Check below to indicate a Budget or Program Modification or Extension.

☐ Budget Modification
- If a **budget** modification is requested, attach a copy of the revised budget. Give explanation for revision.

☐ Program Modification
- If a **program** modification is requested, describe the program change (additional pages may be attached) or attach a revised "Program Components" page.

☐ Program Extension
- If eligible or necessary, give extension ending date: _____ (no later than September 30). Give reasons for extension for projects scheduled to end June 30.

Authorized Representative Signature

Authorized Representative: (Print or Type Name)

Signature of Authorized Representative: _____ Date: _____

FOR OPI USE ONLY

☐ Approved ☐ Approved with conditions (see attached) ☐ Denied

Signature: _____ Date: _____
OPI Program Representative

Signature: _____ Date: _____
OPI Program Accountant

FORM BUDMOD-03/02

Linda McCulloch, Superintendent
Office of Public Instruction
Accounting Division
PO Box 202501
Helena, Montana 59620-2501

Fiscal Closeout Report
for State and Federal Grant Programs

DIRECTIONS—ONLY A PRIME APPLICANT SHOULD COMPLETE THIS FORM. USE A SEPARATE FORM FOR EACH PROJECT. Complete and sign, then send the original of this form to the Office of Public Instruction, Accounting Department. Retain a copy for your files. **SEE INSTRUCTIONS ON THE BACK.**

Prime Applicant:	County:	☐ Elem Legal Entity: ___ ___ ___ ___ ☐ H.S. Legal Entity: ___ ___ ___ ___ ☐ K-12 Legal Entity: ___ ___ ___ ___ ☐ Other Legal Entity: ___ ___ ___ ___

Fill in the project name and number (from the budget page).

State/Federal Project Name: _____

Project Number:
PN: ___ ___-___ ___ ___ ___-___ ___-___ ___-___ ___ ___ ___

Project Period: From: ____-____-____ (mo / day / yr) To: ____-____-____ (mo / day / yr)

Expenditures (SEE INSTRUCTIONS ON THE BACK.)	(a) Elementary Expenditures (Title I only)	(b) High School Expenditures (Title I only)	(c) Total Project Expenditures [(a) + (b)] (All programs)	(d) Matching Funds (If required by program)
1. Salaries and Benefits Objects 1xx, 2xx				
2. Operating Expenses Objects 3xx, 4xx, 5xx, 6xx, 8xx				
3. SUB-TOTAL DIRECT COSTS (Sum of lines 1 + 2)				
4. Indirect Cost Recovery _____% Object 62xx-940				
5. Equipment ($5,000 or more per unit) Object 7xx				
6. Transferred to Other Districts Object 6200-930 (IDEA only)				
7. TOTAL Expenditures (Sum of lines 3, 4, 5 + 6)				

8. TOTAL Funds Received _____

9. TOTAL Funds Expended _____
(line 7 MUST = line 9)

10. Due to OPI (attach refund) _____
(line 8 > line 9)

OR

11. Due from OPI _____
(line 8 < line 9)

Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all expenditures are for the purposes set forth in the award documents.

Authorized Representative Signature:_____ Phone:_____ Date:_____

Clerk/Business Official Signature:_____ Phone:_____ Date:_____

FOR OPI USE ONLY ☐ Approved ☐ Final
Signature:_____ Date:_____
OPI Program Accountant

03/02

Instructions

Please type or print legibly. The following general instructions explain how to complete lines 1 through 11 of the Expenditures section. Submit the Fiscal Closeout Report for a July-June project to OPI **no later than August 10.** Submit the Fiscal Closeout Report for a July-September project to OPI **no later than November 10. Reimbursements requested on a late fiscal closeout report will not be paid.**

Columns (a) and (b): Title I requires a breakdown of elementary and high school expenditures. **Use these columns to report Title I projects expenditures only.**

Column (c): All programs require expenditures to be listed in this column. For Title I, combine amounts from columns (a) and (b). For programs other than Title I, list the total project expenditures here.

Column (d): ABE and Gifted and Talented programs require a local match. Report matching expenditures in this column.

Lines

1, 2, and 3. Self-explanatory.

Line 4. Use the approved indirect cost rate of the prime applicant in effect the first day of the project period. The amount entered on this line cannot exceed the approved percentage rate times the amount on line 3. The indirect cost rate applied to a Carl Perkins grant may not exceed 5 percent.

Line 5. Enter the amount of expenditures for purchased or leased equipment for which prior OPI budget approval was given.

Line 6. Enter the dollar amount of IDEA funds that you, as a prime applicant, transferred to other school districts.

Line 7. Self-explanatory.

Line 8. Enter the total amount of cash advances/reimbursements received from OPI during the project period.

Line 9. Enter the amount from line 7.

Line 10. Use line 10 if total funds received exceed total funds expended. If the dollar amount entered on line 10 is less than $10, the recipient is NOT REQUIRED to send a refund to OPI.

Line 11. Use line 11 if total funds expended exceed total funds received. OPI will automatically send the balance owed if line 8 is less than line 9.

OPI
Office of Public Instruction
Linda McCulloch, Superintendent
Division of Education Accountability
PO Box 202501
Helena, MT 59620-2501

2002-2003 Nonpublic School Participation in Federally Funded Programs Public Districts

Due Date to OPI: Monday, May 6, 2002
Return to: Lindy Miller, Nonpublic School Data Assistant, OPI, PO Box 202501, Helena, MT 59620-2501
Project Year: July 1, 2002—June 30, 2003

Federal regulations (EDGAR, 34 CFR Subtitle A, 76.650-76.662) governing nonpublic school participation and specific federal statutes governing the programs listed below require public school districts to inform nonpublic schools within the district boundaries of their students' rights to participate in a variety of federally funded education programs.

CO	County Name	LE	LE Name

The nonpublic schools listed below are located within this public district's boundaries.

Attach the signed nonpublic participation forms for each nonpublic school wishing to participate.
(A required form is enclosed for district use.)
Retain a copy of this official list of nonpublic schools and outcome of consultations for participation.

		If participating, please check. Indicate NP for Not Participating; NR for No Response																
Nonpub SC	Nonpublic School Name	NP	NR	T I A	T I B 1	T I B 3	T I C	T II A	T II D	T III A	T IV A	T IV B	T V A	SF	SE B	SE P	VoEd

List of Federal Programs

T I A	ESEA Title I, Part A—Improving the Academic Achievement of the Disadvantaged
T I B 1	ESEA Title I, Part B, Subpart 1—Reading First or Reading Excellence
T I B 3	ESEA Title I, Part B, Subpart 3—Even Start Family Literacy
T I C	ESEA Title I, Part C—Migrant Education
T II A	ESEA Title II, Part A—Teacher and Principal Training and Recruitment Fund
T II D	ESEA Title II, Part D—Enhancing Education Through Technology
T III A	ESEA Title III, Part A—Language Instruction for Limited English Proficient and Immigrant Students
T IV A	ESEA Title IV, Part A—Safe and Drug-Free Schools and Communities
T IV B	ESEA Title IV, Part B—21st Century Community Learning Centers
T V A	ESEA Title V, Part A—Innovative programs
SF	School Nutrition Programs
SE B	Special Education (IDEA) Part B
SE P	Special Education (IDEA) Preschool
VoEd	Carl Perkins/Vocational Education

Other Abbreviations

NP	Not Participating
NR	No Response

Please see reverse side for signature.

All nonpublic schools located within the district boundaries were notified and consulted on participation in the federal programs identified in the information provided. **Documentation of notification will be retained in the district office for review if requested by a program specialist or an auditor.**

Signature:_____ **Date:**_____

(Check appropriate box)

- ☐ District Superintendent
- ☐ Principal (if no District Superintendent)
- ☐ County Superintendent (if no District Superintendent or Principal)

This form must be used by the district to obtain information from nonpublic schools. Nonpublic schools must return these forms to the local district.

2002-2003 Opportunity to Participate In Federally Funded Programs by Nonpublic Schools

Return form to Local School District

OPI USE
LE: _ _ _ _ _
CO: _ _

This section to be completed by LOCAL district:

Due date for return to public school district: _____

Check one:
☐ Elem
☐ HS
☐ K-12

_____ _____
Name of PUBLIC SCHOOL DISTRICT within which the nonpublic school is located. | County

This section to be completed by official representing the NONPUBLIC school:

_____
Name of NONPUBLIC SCHOOL

☐ Private School
☐ Home School

OPI USE
LE: _ _ _ _ _
CO: _ _

_____
Address

_____ _____
City/State/ZIP | Phone No.

For the federal programs for which this district receives funding, or may receive funding, please check each federal program in which this nonpublic school wishes to participate in school year 2002-2003. Some of the listed programs are competitive or may have limits on eligible districts.

		Yes	No			Yes	No
ESEA Title I, Part A—Improving the Academic Achievement of the Disadvantaged	(T I A)	____	____	ESEA Title IV, Part A—Safe & Drug-Free Schools and Communities	(T IV A)	____	____
ESEA Title I, Part B, Subpart 1—Reading First or the Predecessor Program, Reading Excellence	(T I B 1)	____	____	ESEA Title IV, Part B—21st Century Community Learning Centers	(T IV B)	____	____
ESEA Title I, Part B, Subpart 3—Even Start Family Literacy	(T I B 3)	____	____	ESEA Title V, Part A—Innovative Programs	(T V A)	____	____
ESEA Title I, Part C—Migrant Education Program	(T I C)	____	____	School Nutrition Programs	(SF)	____	____
ESEA Title II, Part A—Teacher and Principal Training and Recruitment Fund	(T II A)	____	____	Special Education IDEA, Part B	(SE B)	____	____
ESEA Title II, Part D—Enhancing Education Through Technology	(T II D)	____	____	Special Education (IDEA) Preschool (Ages 3-5)	(SE P)	____	____
ESEA Title III, Part a—Language Instruction for Limited English Proficient and Immigrant Students	(T III A)	____	____	Carl Perkins Vocational Education	(Vo Ed)	____	____

All Nonpublic School Officials, please check 1 **or** 2 below:

☐ 1. This nonpublic school does not wish to participate in any of the above listed programs.

☐ 2. This nonpublic school wishes to participate in the programs checked above. I assure the above public school district that this school will comply with provisions of each federal program in which it participates.

If the district receives Title I, Part A funds, please check "Yes" or "No" for consultation received.

3. This nonpublic school received the required consultation in a meaningful and timely manner with regard to services from Title I, Part A, if the district receives those funds. ☐ Yes ☐ No

Responsible Nonpublic School Official

Printed or Typed Name	Signature
Title	Date

Nonpublic School Federal Program Descriptions

Title I—Improving the Academic Achievement of the Disadvantaged
Part A—Improving Basic Programs Operated by Local Educational Agencies

Title I, Part A of Public Law 107-110, was enacted to provide financial assistance to districts to expand and improve their educational programs to meet the needs of students who are at risk of failing to meet the state's challenging academic standards.

- Title I projects must be designed to provide supplemental services to assist children at the elementary and secondary school levels to achieve the state's challenging content and performance standards.
- The development of programs, activities and procedures for the involvement of parents of participating public and nonpublic school children, including parent input into the planning, design and implementation of the district's Title I project, is required.
- A district is eligible to receive funds based on criteria established in Public Law 107-110. Grants are awarded to eligible districts as a result of the review and approval of the local application by the Office of Public Instruction.
- Nonpublic school students with academic needs who reside in Title I attendance areas may receive equitable services to the extent possible with funds generated by low-income nonpublic school students.
- Districts should receive notification from the Office of Public Instruction of their Title I allocation during the month of May, if Congress has appropriated funds for the program on schedule.
- Funds may be used to provide supplementary services to increase the learning levels of low-achieving students in Title I eligible schools.

If you have questions regarding ESEA Title I, Part A programs, please contact Gwen Smith, Administrative Assistant, at (406) 444-5660, e-mail gsmith@state.mt.us.

Title I, Part B, Subpart 1—Reading First and the Predecessor, Reading Excellence Program

The Reading First Program provides a grant to each state to improve early reading instruction the grades K-3 in eligible schools and districts. Programs must be based on scientifically based reading research. Priorities for competitive grants are for low-income schools and those identifying as in need of improvement under Title I, Part A.

The Reading Excellence Program (REA) is very similar but preceded Reading First under a former law. Montana has funds until August 2004. Local grants have similar priorities as in Reading First and are intended to support reading reform in grades K-3 and family literacy programs.

If you have questions regarding ESEA Title I, Part B, Subpart 1 programs, please contact Marsha Davis, REA Project Director, at (406) 444-0793, e-mail mdavis@state.mt.us or Debbie Hunsaker, Reading Excellence Program Specialist, at (406) 444-0733, e-mail dhunsaker@state.mt.us.

Title I, Part B, Subpart 3—Even Start Family Literacy Program

- To help break the cycle of poverty and illiteracy by improving educational opportunities of the nation's low income families by integrating early childhood education, adult basic literacy or adult basic education and parenting education into a unified family program.
- To be an eligible entity for an Even Start subgrant an applicant must have representative(s) from a local school district, and one or more of the following: a nonprofit community-based organization, a public agency other than a school district, an institution of higher education, public and/or a private institution.

If you have questions regarding ESEA Title I, Part B, Subpart 3 programs, please contact Joan Morris, Even Start Specialist, at (406) 444-3083, e-mail jmorris@state.mt.us.

Title I, Part C—Migrant Education Program

The Migrant Education Program is federally funded. State education agency-operated program that provides supplemental education and supportive services to eligible migrant children to help them overcome educational disruptions and disadvantages. A child is eligible for services who is: younger than 22 and has not graduated from high school or does not hold a GED and has moved with her/his parent or guardian (or by herself/himself in the case of emancipated youth) across international (in the case of Mexico and Canada), state, county or school district boundaries within the preceding 36 months to seek or obtain temporary or seasonal employment in agriculture or fishing work.

Subgrants for the Migrant Education Program are based on the number and needs of eligible children located throughout the state. By statute, priority is given to migrant children whose education has been disrupted and/or who are at risk of failure to meet challenging state standards. Districts with eligible migrant children are invited to complete an application, which describes the scope of services to be delivered. Besides supplementary educational services in reading, math, writing and other content areas, migrant funds can be spent on transportation, preschool services, drop-out retrieval, technology instruction and acquisition, English as a Second Language, and other supportive services such as outreach and advocacy.

If you have questions regarding ESEA Title I, Part C programs, please contact Angela Branz-Spall, State Director, at (406) 444-2423, e-mail angelab@state.mt.us; Pat Wade, Program Assistant, at (406) 444-2509, e-mail pwade@state.mt.us.

Title II, Part A—Teacher and Principal Training and Recruitment Fund

The purpose of this program is to (1) increase student achievement through such strategies as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools; and, (2) hold local educational agencies and schools accountable for improvements in student achievement.

- All public local education agencies are eligible to apply. If there are private schools within a district boundary, the local district must include the private school staff in its Title II program if the private school staff wishes to participate. Local education agencies shall consult with appropriate private school officials during the design and development of the district Title II program.

- Program plans must be based upon scientifically based research. Such plans shall be developed to address the greatest needs of students and staff, with a priority to raise student achievement, particularly of low-performing students. These needs are identified through an assessment of local needs, which include the needs of nonpublic school students and staff. Services for nonpublic staff must be equitable in comparison to services for district public school teachers and principals.

If you have questions about the Title II, Part A program, please contact Patricia Johnson at (406) 444-2736, e-mail patjohnson@state.mt.us.

Title II, Part D—Enhancing Education Through Technology (Ed Tech) Program

The primary goal of the Ed Tech program is to improve student academic achievement through the use of technology in elementary and secondary schools. It is also designed to assist every student regardless of race, ethnicity, income, geographical location, or disability in becoming technologically literate by the end of eighth grade, and to encourage the effective integration of technology resources and systems with professional development and curriculum development to promote research-based instructional methods that can be widely replicated.

Equitable participation of nonpublic school students and personnel applies to this program. (See ESEA Section 9501 (b)(1).

LEAs and eligible local entities must engage in timely and meaningful consultation with appropriate nonpublic school officials during the design and development of programs and continue the consultation throughout the implementation of these programs. Therefore, for both Ed Tech formula and competitive awards, the consultation should begin during the development of the local grant proposals.

For more information regarding Enhancing Education Through Technology (Ed Tech) Program, contact Michael Hall at (406) 444-4422, or e-mail mhall@state.mt.us.

Title III—Language Instruction for Limited English Proficient and Immigrant Students

The purpose of the program is to help ensure that LEP students become proficient in English and attain state standards.

- Funding for school districts will be allotted on a formula basis according to the number of LEP and immigrant students in the district, not less than $10,000 per LEA.
- Funding for professional development administered by the U.S. Depaartment of Education on a competitive basis.
- Administration costs are limited to 2 percent at the LEA level.
- Accountability:
  1) Demonstrated improvements in English proficiency.
  2) Annual assessments for LEP students.
  3) LEAs and SEA submit written evaluation to the U.S. Department of Education.
  4) LEAs assure consultation and parental notification.

If you have questions on these or other programs which may be available to limited English proficient students, call Lynn Hinch at (406) 444-3482, e-mail lhinch@state.mt.us.

Title IV, Part A—Safe and Drug-Free Schools and Communities

- The SDFSC program (Title IV Part A of ESEA), is designed to support programs that prevent violence in and around schools; that prevent the illegal use of alcohol, tobacco, and drugs; that involve parents and communities; and that are coordinated with federal, state, school and community efforts to foster a safe and drug-free learning environment that supports student academic achievement.
- The SDFSC program authorizes drug and alcohol prevention education, violence prevention education, professional development for school staff, parents and community members, activities that serve to improve or enhance the comprehensive safety of the school environment, limited expenses for security measures, and identification and intervention services for certain at-risk populations or situations.
- Nonpublic schools may participate through the public school; nonpublic schools cannot apply for funds directly.

If you have questions regarding the Safe and Drug-Free Schools and Communities Program, call Judy Birch at (406) 444-5663, email: jbirch@state.mt.us or Cathy Kendall at (406) 444-0829, email: cakendall@state.mt.us.

Title IV, Part B—21st Century Community Learning Centers

- 21st Century Community Learning Center funds provide opportunities for academic enrichment during before-school, after-school and summer hours in a community learning center environment. Services must reinforce and complement regular academic programs, and offer literacy and educational development to families.
- Projects must offer students a broad array of additional services and activities such as youth development, drug and violence prevention, counseling, art, music and recreation, technology education and character education. Families must be offered opportunities for literacy and related educational development. Programs must conform to the principles of effectiveness.
- Funds are accessed through a competitive grant program administered through the Office of Public Instruction. Grants are awarded for no less than three years, with annual reapplication required.
- Eligible applicants for the 21st Century Community Learning Centers grant program include public schools, community-based organizations, other public or private entities, or a consortium of two or more of such agencies or entities. Award priority is given to eligible entities that serve a high percentage of students from low-income families.

If you have questions regarding the 21st Century Learning Centers Program, call Judy Birch at (406) 444-5663, email: jbirch@state.mt.us or Cathy Kendall at (406) 444-0829, email: cakendall@state.mt.us.

Nonpublic School Federal Program Descriptions

Title V, Part A—Innovative Programs

The purpose of Title V, Part A is to provide supplemental funds for innovative education programs leading to educational improvement, based on locally identified needs and an approved plan. Therefore, may uses of these funds are allowable, ranging from the purchase of supplementary instructional material, to professional development, to implementing school reform based upon scientifically based research.

- Nonpublic schools (private of home schools) may participate in Title V, Part A programs in one of two ways. They may ask to be included in the school district's Title V program, or if their needs are different, they may request the district to provide allowable Title V services to meet their needs. Nonpublic schools cannot receive Title V funds directly, but may benefit from funds spent by the public school district. In either case, the district's per pupil expenditure for services for public and nonpublic students will be equal, and is less that $10 per pupil on average.

- In order to receive Title V, Part A services from the district, nonpublic schools must consult with the district soon after they return the sign-off form expressing their intent to participate. A district must know how the nonpublic school wants to participate before it submits its annual application for funds.

If you have questions about the Title V, Part A program, please contact Patricia Johnson at (406) 444-2736, e-mail patjohnson@state.mt.us.

School Nutrition Programs

School Nutrition Programs within the Division of Health Enhancement and Safety, administers the school nutrition programs of the U.S. Department of Agriculture. The programs are: National School Lunch Program, School Breakfast Program, Afterschool Snack Program, Special Milk Program, Summer Food Service Program, USDA Donated Food Program and the Team Nutrition Training Program.

Nutrition and nutrition education are top priorities in the school nutrition programs. Rather than simply providing food, school nutrition programs empower children to make healthy food choices and take part in regular physical activity as part of their healthy lifestyle.

Private nonprofit schools may make written application to the Office of Public Instruction for a school to operate the school nutrition programs. Applicants shall provide the state agency with sufficient information to determine eligibility. The private nonprofit school must sign and submit an agreement, common assurances, a free and reduced-price policy statement, and comply with other program responsibilities such as program administration, preparation and service of nutritious meals, use of program funds, program monitoring, and reporting and record keeping requirements.

If you have questions regarding School Nutrition Programs, please call (406) 444-2501 or contact Christine Emerson, Director at (406) 444-2502 or e-mail cemerson@state.mt.us.

Individuals with Disabilities Education Act (IDEA)

In accordance with state administrative rule 10.16.3122, the local education agency in which a student with disability resides is responsible for ensuring the student with disabilities, age 3 through 18, beginning on the student's third birthday, including students with disabilities who have been suspended or expelled from school, has available a free, appropriate public education in accordance with the Individuals with Disabilities Education Act (IDEA).

SPECIAL EDUCATION AND RELATED SERVICES FOR STUDENTS WITH DISABILITIES ENROLLED BY THEIR PARENTS IN NONPUBLIC SCHOOLS

For purposes of implementing the definition in 34 CFR 300.450, Montana's nonpublic schools, including home schools, are considered to be private schools.

- Each local education agency shall ensure that all students with disabilities living within the boundaries of the local education agency are identified, located and evaluated. If the student is parentally enrolled in a private school outside the boundaries of the local education agency in which the student is living, the local education agency where the private school is located is responsible for child find activities through referral (10.16.3125 ARM).

- No private school child with a disability has an individual right to receive some or all of the special education and related services that the child would receive if enrolled in a public school (34 CFR 300.454). Decisions about the services that will be provided to private school children with disabilities must be made in accordance with the requirements of IDEA. The public school, following consultations with appropriate representatives of private school children with disabilities, in light of the funding under 34 CFR 300.453, the number of private school children with disabilities, the needs of private school children with disabilities, and their location shall decide which children will receive services, what services will be provided, how and where the services will be provided, and how the services will be evaluated.

For further information, contact your local public school or the Division of Special Education, Office of Public Instruction at (406) 444-5661.

The Carl D. Perkins Vocational and Technical Act of 1998

- "It is the purpose of this act to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population. This purpose will principally be achieved through concentrating resources on improving education programs leading to academic and occupational skill competencies need to work in a technologically advanced society."
- Carl D. Perkins Vocational and Technical Act of 1998 provides funds to local education agencies (LEAs) to improve Vocational Education Programs, particularly those programs in need of improvement and that have the highest concentration of special population students.
- Title I, known as the basic grant, requires that 75 percent of the total funds be allocated by formula to LEAs and postsecondary vocational schools.
- Nonpublic schools may participate through a public school; nonpublic schools cannot apply for funds directly.

If you have specific questions regarding Federal Vocational Education Programs, please contact Karla Beagles, Program Assistant, at (406) 444-9019, or e-mail kbeagles@state.mt.us.

Checklist For Consultations

General Items—To ensure timely and meaningful consultation, a local educational agency shall consult with appropriate nonpublic school officials during the design and development of the district's programs under this part, on issues such as:

_____ How the children's needs will be identified;

_____ What services will be offered;

_____ How, where, and by whom the services will be provided;

_____ How the services will be assessed (academically assessed in Title I, Part A) and how the results of that assessment will be used to improve those services;

_____ The size and scope of the equitable services to be provided to the eligible nonpublic school children, and the amount of funds available for those services;

_____ How and when the district will make decisions about the delivery of services to such children including a thorough consideration and analysis of the views of the nonpublic school officials on the provision of services through a contract with potential third-party providers; and

_____ How, if the district disagrees with the views of the nonpublic school officials on the provision of services through a contract, the local educational agency will provide in writing to such nonpublic school officials an analysis of the reasons why the local educational agency has chosen not to use a contractor.

_____ TIMING—Such consultation shall include meetings of district and nonpublic school officials and shall occur before the local educational agency makes any decision that affects the opportunities of eligible nonpublic school children to participate in programs under this part. Such meetings shall continue throughout implementation and assessment of services provided under this section.

_____ DISCUSSION—Such consultation shall include a discussion of service delivery mechanisms a local educational agency can use to provide equitable services to eligible nonpublic school children.

Additional requirements for those districts receiving Title I, Part A funding.

_____ For Title I, Part A only, the method or sources of data that are used to determine the number of children from low-income families in participating school attendance areas who attend nonpublic schools;

_____ DOCUMENTATION—Each local educational agency shall maintain in the district's records and provide to the State educational agency involved a written affirmation signed by officials of each participating nonpublic school that the consultation required by this section has occurred. **The required form for the nonpublic school signature will meet this requirement when the district submits the signed forms of the participating nonpublic schools attached to the public district summary form.** If nonpublic school officials do not provide such affirmation within a reasonable period of time, the local educational agency shall forward the documentation that such consultation has taken place to the state educational agency. The indication of "NR" for "No Response" will document this on the public district summary form.

Linda McCulloch, Superintendent
Office of Public Instruction
PO Box 202501
Helena, Montana 59620-2501

ESEA Title I, Part A—Annual Budget 2002-2003

CONTINGENT UPON AVAILABILITY OF FEDERAL FUNDS

The budget period is July 1-September 30 (15 months). Amendments to this budget must be submitted to the OPI no later than September 1, 2003. **For Title I, separate budget pages must be prepared for the elementary and high school funds unless the budgeting/fiscal unit is a K-12 district (legal entity). Please duplicate this page as needed.**

This budget page is for the (Check only one per page.)

- ☐ Elem _____ (Legal Entity)
- ☐ HS _____ (Legal Entity)
- ☐ K-12 _____ (Legal Entity)

Use the allocation amounts provided by OPI to complete the Proposed Budget column. Directions for calculating the maximum indirect cost amount for Box 4 are found on the reverse side of this page. The maximum allowable carryover for districts with allocations of $50,000 or more is 15 percent of the previous year's allocation. The 15 percent carryover limitation will be applied as of September 30. Requests for waivers to the 15 percent limit may be requested once every three years and must be made in writing by June 1. Contact the OPI Title I specialist assigned to this project for directions. Districts with allocations of less than $50,000 are not limited to 15 percent carryover, but OPI may determine the district has excess carryover.

Prime Applicant District:_____ Legal Entity: __ __ __ __

Budget Items	Proposed Budget	Approved Budget 1	Approved Budget 2	Approved Budget 3
1. Salaries and Benefits Objects 1xx, 2xx				
2. Operating Expenses Objects 3xx, 4xx, 5xx, 6xx, 8xx				
3. **SUB-TOTAL DIRECT COSTS**				
4. Indirect Costs @ ____% (See back for directions.)				
5. Equipment ($5,000 or more per unit) Attach Details and Justification Object 7xx				
6. **TOTAL BUDGET**				
7. **OPI Use Only: Approved By/Date**				
Project No.				

OPI USE ONLY (at time of fiscal closeout of previous year's project)

☐ The final determination of fiscal year 2002 Title I carryover funds has been completed. The final amount of _____ has been amended into this budget. The most recent approved budget amount is the total available for this project year as of this date.

Signed:_____ Date_____

For assistance, contact Gwen Smith at (406) 444-5660 and ask for the OPI Title I specialist assigned to this project or call Pat Dawes at (406) 444-3408.

Example Indirect Cost Calculation

To calculate Indirect Costs on Line 4: If approved rate is 4.32% and total grant award is $40,000 and equipment cost on Line 5 is $5,500:

$$\frac{\text{Indirect Cost Rate}}{(1.00 + \text{Indirect Cost Rate})} \times \text{Total Award less Equipment (Line 5) (\$40,000 - \$5,500) = Line 4}$$

$$\frac{.0432}{1.0432} \times \$34,500 = \$1,428.68 \text{ (Line 4)}$$

To check, multiply the approved rate times Line 3.

Office of Public Instruction

Name:_____ Employee ID #:_____

Last First MI

Pay Period:_____ Hours not identified to a budget **OR** Budget #: _____

Date	Week #1 Sat	Sun	Mon	Tue	WED	Thur	Fri	Total of Week #1	Week #2 Sat	Sun	Mon	Tue	WED	Thur	Fri	Total of Week #2*
Regular hours Worked																
Holiday																
Vacation																
Sick Leave																
Comp. Time Taken																
Jury Duty/Military Duty (circle one)																
Leave Without Pay																
Hour for Hour Comp. Time Earned																
FLSA Comp. Time Earned (record actual hours worked)																
Overtime																

*Note: These columns should total Week #1 and Week #2 for each separate budget section

Reason for compensatory time/overtime worked:_____

Budget #_____

Date	Week #1 Sat	Sun	Mon	Tues	Wed	Thru	Fri	Total of Week # 1*	Week #2 Sat	Sun	Mon	Tues	Wed	Thru	Fri	Total of Week #2*
Regular hours Worked																
Hour for Hour Comp. Time Earned																
FLSA Comp. Time Earned (record actual hours worked)																
Overtime																

*Note: These columns should total Week #1 and Week #2 for each separate budget section

Reason for compensatory time/overtime worked:_____

Budget #_____

Date	Week #1 Sat	Sun	Mon	Tues	Wed	Thru	Fri	Total of Week # 1*	Week #2 Sat	Sun	Mon	Tues	Wed	Thru	Fri	Total of Week #2*
Regular Hours Worked																
Hour for Hour Comp. Time Earned																
FLSA Comp. Time Earned (record actual hours worked)																
Overtime																

*Note: These columns should total Week #1 and Week #2 for each separate budget section

Reason for compensatory time/overtime worked:_____

	Week #1		Week #2
Total all hours from each budget section front & back including comp time/overtime		Total all hours from each budget section front & back including comp time/overtime	

Budget#_____

Date	Week #1								Week #2							
	Sat	Sun	Mon	Tue	WED	Thru	Fri	Total of Week #1	Sat	Sun	Mon	Tue	WED	Thru	Fri	Total of Week #1
Regular hours Worked																
Hour for Hour Comp. Time Earned																
FLSA Comp. Time Earned (record actual hours worked)																
Overtime																

*Note: These columns should total Week #1 and Week #2 for each separate budget section

Reason for compensatory time/overtime worked:_____

Budget #_____

Date	Week #1								Week #2							
	Sat	Sun	Mon	Tues	Wed	Thru	Fri	Total of Week # 1*	Sat	Sun	Mon	Tues	Wed	Thru	Fri	Total of Week #2*
Regular hours Worked																
Hour for Hour Comp. Time Earned																
FLSA Comp. Time Earned (record actual hours worked)																
Overtime																

*Note: These columns should total Week #1 and Week #2 for each separate budget section

Reason for compensatory time/overtime worked:_____

Budget #_____

Date	Week #1								Week #2							
	Sat	Sun	Mon	Tues	Wed	Thru	Fri	Total of Week # 1*	Sat	Sun	Mon	Tues	Wed	Thru	Fri	Total of Week #2*
Regular Hours Worked																
Hour for Hour Comp. Time Earned																
FLSA Comp. Time Earned (record actual hours worked)																
Overtime																

*Note: These columns should total Week #1 and Week #2 for each separate budget section

ADVANCE LEAVE/OVERTIME/COMP TIME REQUEST

Date																
	Sat	Sun	Mon	Tue	Wed	Thru	Friday	Sat	Sun	Mon	Tue	Wed	Thru	Fri	Total
Advance Vacation Request															
Advance Comp. Time Leave															
Advanced Request to Accrue Comp. Time/Overtime															

Employee's Signature:_____ Date:_____

Supervisor's Signature:_____ Date:_____

I certify that the hours claimed and budget(s) charged are valid.

Employee's Signature:_____ Date:_____

Supervisor's Signature:_____ Date:_____

Title VI Flexibility and Accountability

Part A Subpart 2 Transferability of funds
Part B Rural Education Initiative (REI) a.k.a. REAP
Subpart 1 Small Rural Schools (SRS)
Subpart 2 Rural Low Income (RLI)

DISTRICTS CAN ONLY QUALIFY FOR ONE SUBPART

Title VI Part A, Subpart 2 -Transferability	Title VI Part B, Subpart 1-SRS	Title VI Part B, Subpart 2-RLI
What: Can flex 50%, 30% or 0% as appropriate (to Title I status) of allocated funds in the covered federal programs in which the district participates. **When**: Anytime during the project year with 30-day notice.	**What:** 100% of allocated monies **When:** At time of application **or:** Under Title VI Part A, Subpart 2 (50%, 30% or 0%) anytime during the project year with 30-day notice.	**What:** Under Title VI, Part A Subpart 2 the district can flex 50%, 30% or 0% as appropriate (to Title I status) of allocated funds in the covered federal programs in which the district participates (not Title VI Part B, Subpart 2-RLI funds). **When:** Anytime during the project year with 30-day notice.
1) All Districts can flex anytime throughout the year, 50%, 30% or 0% of their **allocated** funds, given 30-day notice, depending upon their Title I status. 2) Districts can only transfer allocated funds within its administrative unit and between programs in which the district participates.	1) Districts can combine **allocated** dollars within its administrative unit and between programs in which the district participates. 2) Districts will receive additional funds (from the U.S. Department of Education) which can be used within its administrative unit in any of the covered titles (listed on page 20 of the Consolidated Application).	1) Districts will receive the additional allocated funds from the Office of Public Instruction. 2) Districts can use the additional allocated funds for any or all of the covered activities (listed on page 21 of the Consolidated Application).

Linda McCulloch, Superintendent
Office of Public Instruction
PO Box 202502
Helena, MT 59620-2501
www.opi.state.mt.us

2002-2003
Title VI Part A Subpart 2
Transferability of Funds

Title VI Part A Subpart 2 provides a local education agency (LEA) the flexibility to transfer a portion of its formula grant allocations for certain federal ESEA programs to supplement its formula grant allocation under certain other federal ESEA programs. An LEA can only transfer funds within its administrative unit and between programs in which the LEA participates.

Limits on Transferability of Funds—Program

Funds may be transferred ***from*** any or all of the following four programs:	Funds may be transferred ***to*** any of the following five programs:
Title II Part A—Teacher Quality Title II Part D—Educational Technology Title IV Part A—Safe and Drug-Free Schools Title V Part A—Innovative Programs	Title I Part A—Basic Programs Title II Part A—Teacher Quality Title II Part D—Educational Technology Title IV Part A—Safe and Drug-Free Schools Title V Part A—Innovative Programs

Notes: An LEA may **not** transfer any of its Title I Part A funds to any other title.
An LEA that intends to transfer funds must conduct consultations with private school officials (as per Section 9501 of ESEA) if the proposed transfer of funds takes funds from a program that provides services to students, teachers or other educational personnel from private schools.

Limits on Transferability of Funds—Percent of Funds

An LEA that has not been identified as being in need of improvement under Title I Part A or as being subject to corrective action under Title I Part A may transfer **up to 50 percent** of its formula allocation ***from*** any or all of the four listed programs ***to*** any of the five listed programs.

An LEA that has been identified as being in need of improvement under Title I may transfer **up to 30 percent** of its formula allocation ***from*** any or all of the four listed programs ***to*** supplement its school improvement activities or for improvement activities under Title I Section 1116(c).

An LEA that has been identified as being subject to corrective action under Title I may not transfer any funds.

Transfer of Funds

In the following table, enter into the appropriate column the percent of funds you are transferring ***from*** a title (those listed in the first column) ***to*** a different title (those listed in the first row). If you are transferring funds, *you must submit a Budget and Program Modification Request for Federal Programs form for each title from which you are transferring funds.* Use the Modification Request form to modify only the **programs** impacted by the transfer; you do not need to modify the budgets because you will fiscally account for the funds under the program from which the funds were originally allocated. You may describe the program changes on the Modification Request form or you may attach revised pages from your consolidated application to the Modification Request form.

*Title **from** which funds are being transferred*	*Title **to** which funds are being transferred*									
	Title I Part A		Title II Part A		Title II Part D		Title IV Part A		Title V Part A	
	Elem or K-12	HS	Elem or K-12	HS	Elem or K-12	HS	Elem or K-12	HS	Elem or K-12	HS
Title II Part A										
Title II Part D										
Title IV Part A										
Title V Part A										

District Name: _____

Legal Entity No. (Elem or K-12) _____
Legal Entity No. (High School) _____

Fiscal/Program Reporting: I understand that any funds transferred to another title will be accounted for fiscally under the title ***from*** which the funds came and programmatically under the title ***in*** which they were used.

Authorized Representative	Signature:_____ Phone:_____ Date:_____
Clerk/Business Official	Signature:_____ Phone:_____ Date:_____

Return this form to: *Office of Public Instruction, Attn: Carol Gneckow, PO Box 202501, Helena MT 59620-2501*

Appendix C—Federal Maintenance of Effort (MOE) for ESEA Title I and Related Programs

This maintenance of effort requirement applies to the following programs:

- Title I, Part A, Improving Basic Programs
- Title I, Part B, Subpart 3, Even Start
- Title I, Part C, Migrant Education
- Title I, Part D, Neglected, Delinquent and At-Risk Youth
- Title I, Part F, Comprehensive School Reform
- Title II, Part A, Teacher and Principal Training and Recruiting
- Title II, Part D, Educational Technology
- Title III, Part A, English Language Acquisition and Language Enhancement
- Title IV, Part A, Safe and Drug-Free Schools and Communities
- Title IV, Part B, 21st Century Community Learning Centers
- Title V, Part A, Innovative Programs
- Title VI, Part B, Subpart 2, Rural Low-Income Schools

MOE information is provided to the U. S. Department of Education for Title VII, Indian Education and reductions are made at the federal level if MOE is not met.

A recipient may receive its full allocation if either the combined fiscal effort per student or the aggregate of all expenditures of local funds used for providing a free public education for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding year.

Following are the components used for the calculation of maintenance of effort:

1. Data source: Pupil enrollment report - district data
   Completed by: District attendance office, District responsible official, County Superintendent
   Due at OPI: Mid October: First Monday in October count
   February 10: February 1 count

Used to calculate average number belonging (ANB) and average daily attendance (ADA)

2. Data source: Special education child count
   Completed by: District responsible official
   Due to OPI: December 10

3. Data source: Annual Trustee's Financial Summary (TFS)—Also known as the "Trustees' Report"
   Completed by: District Clerk, Board of Trustees, County Superintendent
   Due at OPI: Second Monday in September

Treatment of Related Services Block Grant for Cooperative Members

Special education cooperatives receive the related services block grant (RSBG) per ANB paid by the OPI for each participating school district in the cooperative. If a school district is not a member of a cooperative, the district receives the RSBG rather than the cooperative. The RSBG paid to the cooperative on behalf of a school district is added to the district's expenditures in the Title I maintenance of effort calculation.

Total current expenditures for each LEA are compiled from the TFS using the following funds:

01 General Fund
10 Transportation Fund
12 Food Services Fund
13 Tuition Fund
14 Retirement Fund
15 Miscellaneous Programs Fund [see restrictions below]
18 Traffic Education Fund
21 Compensated Absences Fund
24 Metal Mines Tax Reserve Fund
25 State Mining Impact Fund

[See School Accounting Manual chart of accounts, Section 3-0200.20 for fund definitions.]

The only activities considered in the Miscellaneous Programs Fund 15 are the following:

Include current expenditures for programs

280	Special Education — Local and State
300 - 380	State Vocational Education Programs

Exclude expenditure objects

7XX	Property/Equipment
910	Operating Transfers to Other Funds
920	Resources Transferred to Other Districts
930	Federal or State Grant Resources Transferred to Other Districts or Cooperatives
940	Indirect Cost Transfers

[See School Accounting Manual chart of accounts, Section 3-0600.20 for definitions of operating statement accounts and 3-0600.40 for object code definitions.]

The following current expenditures are subtracted from the total allowable expenditures:

Any program numbered	5XX	Nonpublic School Programs
	6XX	Adult Continuing Education Programs
Any function numbered	32XX	Enterprise Services
	33XX	Community Services
	4XXX	Facilities Acquisition and Construction Services
	5XXX	Debt Service
Any object numbered	7XX	Property/Equipment
	910	Operating Transfers to Other Funds
	920	Resource Transfers to Other Schools/Co-Ops
	971	Residual Equity Transfers to Other Funds

[See School Accounting Manual chart of accounts, Section 3-0600.20 for program definitions, 3-0600.30 for function definitions, and 3-0600.40 for object code definitions.]

The following revenues are subtracted from total expenditure/expenses except for Fund 15:

1310	Individual Tuition
1311	Driver's Education Fees — From Individuals
1340	Fees for Adult Education
1410, 1440	Individual and Other Transportation Fees
163X	Food Service — catering, adult sales, ala carte sales
17XX	Student Extracurricular Activity Receipts
1800	Community Services
19XX	Other Revenue — rentals, fees, donations
41XX - 47XX	Revenue from Federal Sources
48XX	Federal Revenue In Lieu of Taxes
49XX	Federal Other Revenue on Behalf of District

[See School Accounting Manual chart of accounts, section 3-0500.40 for definitions of revenue codes.]

Refer to Section 200 of this manual, "Maintenance of Effort," for more information.

APPENDIX D—MAINTENANCE OF EFFORT FOR IDEA PROGRAMS

This section summarizes the requirements for Maintenance of Effort (MOE) for IDEA Part B, how MOE is calculated using expenditure data submitted to the OPI, and how to check the school district or cooperative's expenditure reports to ensure MOE will be accurately calculated.

WHAT IS MAINTENANCE OF EFFORT UNDER IDEA PART B?

Maintenance of effort under Part B means that an applicant for funds under Part B may not reduce the level of expenditures for support of special education below the level of expenditures for support of special education for the preceding fiscal year (34 CFR 300.231(a)). Reductions in expenditures are allowed, only if they meet the provisions of 34 CFR 300.232 and/or 34 CFR 300.233.

The U.S. Department of Education determines compliance with the maintenance of effort regulation by comparing actual expenditures one year to actual expenditures the next year. Prior to the 1997 amendments to IDEA, federal regulations required that maintenance of effort be determined by reviewing the applicant's expenditures of state and local funds for special education. IDEA '97 now states that maintenance of effort can be demonstrated by a comparison of expenditures of either state and local funds or local funds (34 CFR 300.231(1)).

34 CFR 300.231 Maintenance of Effort

a. General. Except as provided in 34 CFR 300.232 and 300.233, funds provided to an LEA under Part B of the Act may not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

b. Information. The LEA must have on file with the SEA information to demonstrate that the requirements of paragraph (a) of this section are met.

c. Standard.

(1) Except as provided in paragraph (c)(2) of this section, the SEA determines that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per-capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:

(i) Local funds only.

(ii) The combination of state and local funds.

(2) An LEA that relies on paragraph (c)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in:

(i) The most recent fiscal year for which information is available, if that year is, or is before, the first fiscal year beginning on or after July 1, 1997; or

(ii) If later, the most recent fiscal year for which information is available and the standard in paragraph (c)(1)(i) of this section was used to establish its compliance with this section.

(3) The SEA may not consider any expenditures made from funds provided by the federal government for which the SEA is required to account to the federal government or for which the LEA is required to account to the federal government directly or through the SEA in determining an LEA's compliance with the requirement in paragraph (a) of this section.

[Authority: 20 U.S.C. 1413(a)(2)(A)]

34 CFR 300.232 Exception to Maintenance of Effort

An LEA may reduce the level of expenditures by the LEA under Part B of the Act below the level of those expenditures for the preceding fiscal year if the reduction is attributable to the following:

(a)(1) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel, who are replaced by qualified, lower-salaried staff.

(2) In order for an LEA to invoke the exception in paragraph (a)(1) of this section, the LEA must ensure that those voluntary retirements or resignations and replacements are in full conformity with:

(i) Existing school board policies in the agency;

(ii) The applicable collective bargaining agreement in effect at that time; and

(iii) Applicable state statutes.

(b) A decrease in the enrollment of children with disabilities.

(c) The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child:

(1) Has left the jurisdiction of the agency;

(2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or

(3) No longer needs the program of special education.

(d) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

[Authority: 20 U.S.C. 1413(a)(2)(B)]

34 CFR 300.233 Treatment of Federal Funds in Certain Fiscal Years

(a)(1) Subject to paragraphs (a)(2) and (b) of this section, for any fiscal year for which amounts appropriated to carry out section 611 of the Act exceeds $4,100,000,000, an LEA may treat as local funds up to 20 percent of the amount of funds it receives under Part B of the Act that exceeds the amount it received under Part B of the Act for the previous fiscal year.

(2) The requirements of 34 CFR 300.230(c) and 300.231 do not apply with respect to the amount that may be treated as local funds under paragraph (a)(1) of this section.

(b) If an SEA determines that an LEA is not meeting the requirements of this part, the SEA may prohibit the LEA from treating funds received under Part B of the Act as local funds under paragraph (a)(1) of this section for any fiscal year, but only if it is authorized to do so by the state constitution or a state statute.

[Authority: 20 U.S.C. 1413(a)(2)(C)]

HOW DOES THE OFFICE OF PUBLIC INSTRUCTION (OPI) DETERMINE MAINTENANCE OF EFFORT (MOE)?

1. For each entity participating in an application, the OPI compares expenditures made for special education, using state and local funds, for the last two years, minus any approved exceptions (34 CFR 300.232) and allowable decreases (34 CFR 300.233). Expenditures are compared on a dollar for dollar basis as well as per capita, using child count figures reported for the same years. The MOE is based on the sum total of expenditures by all entities participating in the application. For purposes of the MOE calculation under IDEA Part B, state funds means state funds distributed to schools and cooperatives to support special education. State and local funds expenditures are those expenditures reported on the Trustees' Financial Summary determined as "allowable expenditures" based on revenue and expenditure codes for the purpose of MOE. Medicaid, Impact Aid, proceeds from private insurance and federal funds are not included in the MOE calculation.

2. For each entity participating in an application, the OPI compares expenditures made for special education, using local funds, for the last two years, minus any approved exceptions (34 CFR 300.232) and allowable decreases (34 CFR 300.233). Expenditures are compared on a dollar for dollar basis as well as per capita, using child count figures reported for the same years. MOE is based on the sum total of expenditures by all entities participating in the application. Local fund expenditures are those expenditures reported on the Trustees' Financial Summary determined as "allowable expenditures" based on revenue and expenditure codes for the purpose of MOE. Medicaid, Impact Aid, proceeds from private insurance and federal funds are not included in the MOE calculation. Local funds will equal the allowable expenditures minus state funds (Instructional Block grant, Related Services Block grant, and Reimbursement for Disproportionate Costs and minus Reversion), including cooperative travel and administrative entitlements.

WHAT HAPPENS IF THE APPLICANT DOES NOT MAINTAIN EFFORT?

When applications are reviewed in June, the OPI determines whether the district/cooperative applicant for Part B funds has met the maintenance of effort requirement. If it is determined that the applicant has not maintained effort, the OPI shall provide reasonable notice to the applicant of:

a. The intent to reduce or not provide any further payment and the reason for the action; and
b. The applicant's right to a hearing before the OPI prior to a final decision.

Data Source:	Annual Trustees' Financial Summary (TFS)
Completed by:	District Clerk, Board of Trustees, County Superintendent
Due at OPI:	2nd Monday in September, usually received with Final Budget by September 15

When received, the Trustees' Financial Summary (TFS) data is checked for accurate coding of revenues and expenditures. Once the information is considered accurate, files are used to determine final MOE.

HOW CAN AN APPLICANT HELP ENSURE THAT IT IS MAINTAINING EFFORT?

It is critical that individual districts, special education cooperatives, and districts participating in special education cooperatives monitor their state and local expenditures for special education each year to ensure maintenance of effort.

Verification of MOE at the local level will help districts and cooperatives determine if corrections to data are required. The OPI guidance for checking special education expenditures reported is enclosed.

WHAT IS INCLUDED IN MAINTENANCE OF EFFORT CALCULATIONS FOR IDEA?
For IDEA Part B Entitlement funds, MOE is based on total current special education expenditures in the funds listed below as reported on the annual TFS report. The MOE calculation isolates special education expenditures made from state and local revenue sources.

FUND	COOP	DISTRICT	FUND	COOP	DISTRICT
01 General Fund		X	**24** Metal Mines Tax Reserve Fund		X
10 Transportation Fund	X	X	**25** State Mining Impact Fund		X
13 Tuition Fund		X			
14 Retirement Fund	X	X	**82** Interlocal Agreement Fund	X	X
15 Misc Programs Fund	X	X			

[SEE SCHOOL ACCOUNTING MANUAL CHART OF ACCOUNTS, PAGE 3-0200.20 FUND DEFINITIONS]
In calculating MOE, the OPI applies the following restrictions:

EXPENDITURE PROGRAM 280
Only program 280 expenditures are used to determine the state and local contributions for calculating MOE. For accurate calculation of MOE, districts/cooperatives must CLEARLY separate local and state grants in the Miscellaneous Programs Fund (15) from federal grants using proper revenue and expenditure program codes. Use expenditure program 280 to code special education expenditures for local, state, and direct (non-OPI) federal revenue sources. Use expenditure program code 277 for the IDEA Part B grants and 279 for IDEA Preschool grants subgranted by OPI.

Expenditure Objects **EXCLUDED**:
The following expenditure objects are not included in MOE even when spent for special education:

7XX	Equipment
910	Operating transfers to other funds
920	Resource transfers to other districts (local moneys)
930	Federal or state grant resource transfers to other districts/cooperatives
971	Residual Equity Transfers Out

Expenditure Functions **EXCLUDED**:
The following expenditure functions are not included in MOE even when spent for special education:

4XXX	Facilities Acquisition
5XXX	Debt Service

Expenditures **INCLUDED** in Fund 15:

All expenditures reported in Fund 15 will be **EXCLUDED** except for the expenditures of the following revenues if spent for special education (program 280):

Revenue Source: 3450—Accelerated Local Government Severance Tax (if deposited in Fund 15)

Revenue Source: 5710—Special Education Resource Transfers

[SEE SCHOOL ACCOUNTING MANUAL CHART OF ACCOUNTS, SECTION 3-0600.20 OPERATING STATEMENT ACCOUNTS AND 3-0600.40 EXPENDITURE OBJECT CODE DEFINITIONS]

EXAMPLES:

1. District A reports the following expenditures in special education:

   01-280-1XXX-1XX 14-280-1XXX-2XX 01-280-1XXX-2XX 01-280-6200-920

   All line items would be considered for Maintenance of Effort, except 01-280-6200-920. It is a special education resource transfer as recorded by the sending district.

2. District B reports the following expenditures in special education:

   01-280-1XXX-1XX 14-280-6200-920 10-280-26XX-4XX
   15-277-1XXX-1XX-001 (Revenue Source 5700-001)

   The two line items above that would not be considered in the calculation of Maintenance of Effort would be 14-280-6200-920, because it is a resource transfer to a cooperative, and 15-277-1XXX-1XX-001, because it is an expenditure of revenue source 5700 federal IDEA Part B funds.

Guidelines for Reviewing Revenue and Expenditures on Trustees' Financial Summary

This list is provided to districts and cooperatives to assist them in reviewing special education expenditures reported on the Trustees' Financial Summary (TFS) for accuracy. Accurate coding is extremely important. A district or cooperative must be able to demonstrate maintenance of effort (MOE) to remain eligible for federal IDEA funding. The MOE is calculated using the districts' and cooperatives' TFS reports.

WORKERS' COMPENSATION/PAYROLL TAX AND RETIREMENT BENEFITS

A district or cooperative may report Workers' Compensation/Payroll Tax Benefits or Retirement Benefits with one of two options, undistributed or distributed. (Please refer to the School Accounting Manual, Pages 4-0400-12 and 4-0400-13.)

Workers' Comp/Payroll Tax Benefits reported as "undistributed:" (i.e., combined total of Workers' Comp expenditures for all functions reported as 01-999-9999-2XX)

— OPI will "distribute" this amount across programs and functions according to the proportion of salaries reported in the fund. Workers' comp for salaries reported in Fund 15, Program 280, will be included in MOE.

Workers' Comp/Payroll Tax Benefits reported as "distributed:" (i.e., reported under each program and function like the related salaries)

— OPI will use expenditures as reported in calculating MOE.

Fund 14 Retirement Benefits reported as "undistributed:" (i.e., combined total of retirement benefit expenditures for all functions (except resource transfers) was reported as 14-999-9999-2XX)

— OPI will "distribute" this amount across programs and functions based on the proportion of salaries reported in all funds. Retirement costs related to salaries reported in any fund using program code 280 will be included in MOE.

Fund 14 Retirement Benefits reported as "distributed": (i.e., reported under each program and function like the related salaries)

— The OPI will use expenditures as reported in calculating MOE.

Fund 14 Retirement funds transferred from a district to a cooperative for special education employees:

— The district should record the expenditure as a resource transfer (X14-280-6200-920). The cooperative should record the receipt as a resource transfer (314-5710). This amount will **not** be included in the OPI "distributions" discussed above.

RESOURCE TRANSFERS BETWEEN DISTRICTS AND COOPERATIVES

Resource transfers from district to district, district to cooperative, or cooperative to district are NOT COUNTED FOR MOE. If counted at the point of the transfer and again when spent by the receiving agency, the money would be double-counted. The following examples show how a district or cooperative should report transfers.

NOTE: When a cooperative sends money to a member district, it MUST BE EITHER:

1. A refund of the related services block grant match, with the cooperative's written approval for the district to spend the match on other special ed related services using its general fund in lieu of providing the match; OR

2. A payment for contracted services to be provided by the district on behalf of the cooperative. Based on a written contract, the money must be deposited into the district's Miscellaneous Programs Fund (15) and be spent for that purpose or returned to the cooperative by June 30; OR

3. A sub-grant of a federal or state grant award obtained by the cooperative on the members' behalf. Examples would be the IDEA Part B or Preschool entitlement funds.

No other payments from cooperatives to districts should be made.

District, as a participating member of a special education cooperative, transfers funds to the cooperative for: 1) the district's related services block grant match (RSBG), 2) the district's share of the cooperative budget, or 3) additional contribution to the cooperative:

— District must use X01-280-6200-920 to identify this type of transfer.
— Cooperative uses 382-5710 to code receipt of the payment.

District, as a participating member of a special education cooperative, signs a written agreement with the cooperative saying the district will spend its own related services money in lieu of match: (i.e., district keeps and spends its related services block grant (RSBG) match, rather than sending it to the cooperative)

— District must record its local expenditures in lieu of match as special education expenditures in the normal manner using the general fund (e.g., X01-280-XXXX-XXX). The expenditures will be included in MOE. They also are included in the special ed spending to avoid reversion. The district would not transfer the match to the cooperative, so the TFS would not indicate a transfer. (NOTE: If not spent by the district after entering such an agreement, MOE and special ed reversion may be affected.)

The cooperative then returns money under a contract to be spent by the district locally for SPECIFIC SPECIAL ED SERVICES:

— Cooperative must report the transfer using 382-280-6200-920.

— District must deposit the money to Fund 15 using X15-5710 and assign a project reporter number. The district must report expenditures of the money using the same project reporter number assigned to the revenue source.

— Any funds remaining unspent at June 30th must be returned to the cooperative. The district must report the amount returned as a revenue abatement (i.e., negative revenue) under X15-5710. The cooperative must receive the refund as an expenditure abatement (i.e., negative expenditure) under 382-280-6200-920.

District made a resource transfer to the cooperative to pay the RSBG match. The cooperative then returns money to the district, directing the district to spend it locally for NON-SPECIFIC SPECIAL ED SERVICES in lieu of providing the required RSBG match:

— District transfers its match to the cooperative using X01-280-6200-920. The cooperative records the revenue using 382-5710.

— The cooperative reports the payment back to the district by abating (decreasing) revenue

source 382-5710 while the district abates (decreases) expenditure X01-280-6200-920. Thus the records show the match transfer from district to cooperative was never made in the first place.

NOTE: Money returned to a member district without a contract for providing specific services is considered first to reimburse the district's match paid from the general fund; any payment in excess of the amount of required match must be deposited to the district's Miscellaneous Programs Fund (15) and used or returned by June 30 as discussed in the previous example.

District pays for contracted special education services received from another district or cooperative, and the services are not covered under the cooperative agreement or as a participating member of a consolidated IDEA Part B application (e.g., contracted services):

— Paying district uses X01-280-21XX-354 to code a one time payment for additional services. The cooperative codes the receipt using 382-1950.

— A district who provides a service to another district uses X15-1950 or X82-1950 to code a one-time receipt for additional special education services.

District, as a member of a special education cooperative or member of a consolidated application with another district, receives its federal IDEA special education grant from the cooperative or host district:

— Cooperative records the transfer of federal IDEA grant money using 315-XXX-6200-930-###, where ### is a project reporter number assigned to the grant. A district who is a grant host and transfers the grant to another district must use X15-XXX-6200-930-###. Use expenditure program code 277 for the IDEA Part B grant and 279 for IDEA Preschool.

— District must deposit Federal IDEA special education grants "passed through" from another district or cooperative in the Miscellaneous Programs Fund (15), using revenue code X15-5700-###, where ### is a project reporter code. Transfers and subsequent expenditures of the grant money must be identified with same project reporter number. Expenditures must be coded using the expenditure program number, such as X15-277-1XXX-XXX-### for IDEA Part B.

For further information regarding resource transfers, please refer to the School Accounting Manual, pages 3-0500, 4-0400-10 and 4-0400-11.

MISCELLANEOUS PROGRAMS FUND (15), PROGRAM 280 EXPENDITURES:
Fund 15 is a Miscellaneous Programs Fund with a variety of revenue sources. Incorrectly using 280 for federal grant expenditures could significantly impact your MOE. Use program 280 for state and local special education expenditures, program 277 for federal IDEA grant expenditures, program 279 for federal IDEA Preschool grant expenditures. Refer to the School Accounting Manual Section 3-0600 for further information.

INDIVIDUALS WITH DISABILITIES EDUCATION ACT (Part B)
CALCULATION OF MAINTENANCE OF EFFORT
QUESTIONS AND ANSWERS

1. **If I amend my Trustees' Financial Summary, will it affect the amount of state special education funds the district will receive?**

   Response: It may, if the amendment is to correct an expenditure reported as a special education allowable cost. Any change to a special education allowable cost expenditure will affect a district's minimum amount to avoid reversion in the current year, as well as reimbursement for disproportionate costs in the ensuing fiscal year.

   Please refer to the district's special education reversion worksheet submitted with the trustees' financial summary to determine if the amendment will affect the district's minimum amount to avoid reversion.

   Special education allowable costs are defined in 20-7-431, MCA and 10.16.2206, ARM.

2. **After December 20, how will an applicant correct an error in the Trustees' Financial Summary in order to demonstrate Maintenance of Effort?**

   Response: The applicant should submit a written request to the Division of Special Education for a hearing. If, as a result of the hearing, it is determined that errors were made in the Trustees' Financial Summary and corrections would result in the district demonstrating fiscal effort for Part B, an amended Trustees' report would be allowed.

3. **How will an applicant know if it has maintained effort and if not, what action the Office of Public Instruction will take regarding its application for funds?**

   Response: Applicants for Part B funds should carefully review the preliminary maintenance of effort report sent to them in December by the OPI. The report will indicate whether the applicant has maintained effort through a review of the total expenditures and on a per capita basis. If a "yes" appears on either the state or state and local expenditures report, the applicant has maintained effort. If an applicant has not maintained effort and it may have allowable exceptions, it should submit the documentation in accord with OPI procedures.

   Prior to reducing or withholding any payments to the applicant, the OPI sends the applicant notice of its intent to reduce or withhold payments, identifies the reason for its intended action and the applicant's right to request a hearing.

4. **Is there any allowance allowed for decrease in maintenance of effort?**

   Response: Yes, reauthorization of IDEA provides for a reduction in the level of expenditures attributable to the following:

   a. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education personnel;

b. A decrease in the enrollment of children with disabilities;

c. The termination of the obligation of an LEA, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the state education agency, because the child -
   i. has left the jurisdiction of the LEA ;
   ii. has reached the age at which the obligation of the LEA to provide a free appropriate public education to the child has terminated;
   iii. no longer needs such program of special education; or

d. the termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

5. Isn't the maintenance of effort requirement for Part B the same as for Title I?

Response: No.

6. Does a membership change in a cooperative affect maintenance of effort?

Response: It may. If a membership change will occur in a cooperative, we encourage you to call the OPI to determine what affect that may have on maintenance of effort. Circumstances vary, and we will try to address the situation when it happens.

7. Are expenditures of proceeds from private insurance, impact aid or Medicaid funds included in maintenance of effort calculations?

Response: No

APPENDIX E—RESOURCES

Education Department General Administrative Regulations (EDGAR)

Part 74 through 86 and 97-99, of Title 34, of the Code of Federal Regulations
http://ed.gov/offices/ocfo/grants/edgar.html

Federal Program Summaries

(Section 9-0500.00 of the Montana School Accounting Manual, see below). Contains one page overviews of each OPI-administered federal program.

Grant Control Notebook

(Section 9-0400.34 of the Montana School Accounting Manual, see below.) Recommended procedures for school clerks and others who track and account for federal and state grants.

Montana School Accounting Manual

Distributed to all county superintendents, superintendents and clerks. Updated approximately once each year. Contact: The OPI School Budget and Accounting Division, (406) 444-4401 or (406) 444-1257.

OMB Circulars

OMB Circular A-87—Cost Principles for State, Local and Indian Tribal Governments;
OMB Circular A-102—Grants and Cooperative Agreements with State and Local Governments;
OMB Circular A-122—Cost Principles for Nonprofit Organizations; and
OMB Circular A-133—Audits of States, Local Governments, and Nonprofit Organizations
can be viewed at the Internet Address site:
http://www.whitehouse.gov/omb/grants/index.html